

**CIRCULAR DATED 6 JANUARY 2023**

**THIS CIRCULAR IS ISSUED BY REVEZ CORPORATION LTD. (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF NOVUS CORPORATE FINANCE PTE. LTD. (AS THE INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS) TO THE RECOMMENDING DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD 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 shares in the capital of the Company held through The Central Depository (Pte) Limited (the “**CDP**”), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (“**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Mr Lance Tan, Senior Vice President at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

## **REVEZ CORPORATION LTD.**

(Company Registration No: 201119167Z)  
(Incorporated in Singapore)

### **CIRCULAR TO SHAREHOLDERS**

in relation to the

### **MANDATORY UNCONDITIONAL CASH OFFER**

by

**LIM QUEE LAN**

and

**TAN KIM SWEE BERNARD**

to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Joint Offerors

**Independent Financial Adviser to the Recommending Directors**



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

(Company Registration No: 201723484W)  
(Incorporated in 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 20 JANUARY 2023. THE JOINT OFFERORS DO NOT INTEND TO EXTEND THE OFFER BEYOND 5.30 P.M. (SINGAPORE TIME) ON 20 JANUARY 2023 OR TO REVISE THE TERMS OF THE OFFER. ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH DATE AND TIME.**

---

## CONTENTS

---

DEFINITIONS.....	2
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS.....	6
LETTER TO SHAREHOLDERS .....	7
1. INTRODUCTION .....	7
2. THE OFFER.....	8
3. INFORMATION ON THE JOINT OFFERORS.....	10
4. RATIONALE FOR THE OFFER AND THE JOINT OFFEROR'S INTENTIONS FOR THE COMPANY.....	10
5. THE JOINT OFFERORS' INTENTION REGARDING LISTING STATUS AND COMPULSORY ACQUISITION .....	11
6. FINANCIAL EVALUATION OF THE OFFER.....	12
7. DISCLOSURE OF HOLDINGS, DEALINGS AND OTHER ARRANGEMENTS IN COMPANY SECURITIES.....	13
8. CONFIRMATION OF FINANCIAL RESOURCES .....	14
9. ADVICE AND RECOMMENDATION.....	14
10. OVERSEAS SHAREHOLDERS .....	19
11. ACTION TO BE TAKEN BY SHAREHOLDERS .....	21
12. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS .....	21
13. DIRECTORS' RESPONSIBILITY STATEMENT .....	22
14. ADDITIONAL GENERAL INFORMATION.....	22
APPENDIX A – IFA LETTER .....	A-1
APPENDIX B – ADDITIONAL GENERAL INFORMATION .....	B-1
APPENDIX C – EXTRACTS FROM THE CONSTITUTION.....	C-1
APPENDIX D – AUDITED FY2021 RESULTS .....	D-1

---

## DEFINITIONS

---

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

<b>“Acceptance Forms”</b>	:	The FAA and the FAT collectively or any one of them, as the case may be
<b>“Acquisition”</b>	:	Has the meaning ascribed to it in paragraph 1.1 of this Circular
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“Catalist Rules”</b>	:	The SGX-ST Listing Manual Section B: Rules of Catalist
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Closing Date”</b>	:	<b>5.30 p.m. (Singapore time) on 20 January 2023</b> , being the last day for the lodgement of acceptances of the Offer
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers
<b>“Companies Act”</b>	:	Companies Act 1967 of Singapore
<b>“Company”</b>	:	REVEZ Corporation Ltd.
<b>“Company Securities”</b>	:	(a) Shares; (b) securities which carry voting rights in the Company; or (c) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) or derivatives in respect of Shares or securities which carry voting rights in the Company
<b>“Concert Parties”</b>	:	Parties acting or presumed to be acting in concert with the Joint Offerors in connection with the Offer
<b>“Constitution”</b>	:	The constitution of the Company
<b>“CPF”</b>	:	Central Provident Fund
<b>“CPF Agent Banks”</b>	:	Agent banks included under the CPFIS
<b>“CPFIS”</b>	:	CPF Investment Scheme
<b>“CPFIS Investors”</b>	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS

---

## DEFINITIONS

---

“ <b>encumbrances</b> ”	:	Any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrance or condition whatsoever
“ <b>FAA</b> ”	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Depositors whose Offer Shares are deposited with CDP
“ <b>FAT</b> ”	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are registered in their own name in the Register and are not deposited with CDP
“ <b>Group</b> ”	:	The Company and its subsidiaries
“ <b>IFA</b> ”	:	Novus Corporate Finance Pte. Ltd., the independent financial adviser to the Recommending Directors in respect of the Offer
“ <b>IFA Letter</b> ”	:	The letter dated 6 January 2023 from the IFA to the Recommending Directors, containing <i>inter alia</i> , the advice of the IFA to the Recommending Directors in respect of the Offer, set out as <b>Appendix A (IFA Letter)</b> to this Circular
“ <b>Joint Offerors</b> ”	:	Lim Quee Lan and Tan Kim Swee Bernard
“ <b>L3N</b> ”	:	L3N Capital Pte. Ltd.
“ <b>Latest Practicable Date</b> ”	:	29 December 2022, being the latest practicable date prior to the finalisation and release of this Circular
“ <b>LKS</b> ”	:	Lim Kian Sing
“ <b>LXF</b> ”	:	Liang Xingfen
“ <b>Market Day</b> ”	:	A day on which the SGX-ST is open for trading of securities
“ <b>Offer</b> ”	:	The mandatory unconditional cash offer by the Joint Offerors to acquire the Offer Shares, on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT
“ <b>Offer Announcement</b> ”	:	The announcement in connection with the Offer released by the Joint Offerors on the Offer Announcement Date
“ <b>Offer Announcement Date</b> ”	:	7 December 2022

---

## DEFINITIONS

---

<b>“Offer Document”</b>	:	The offer document dated 23 December 2022, including the FAA and/or FAT accompanying the offer document, issued by the Joint Offerors in respect of the Offer
<b>“Offer Shares”</b>	:	All the Shares other than those already owned, controlled or agreed to be acquired by the Joint Offerors and each, an <b>“Offer Share”</b>
<b>“Overseas Shareholders”</b>	:	Shareholders and Depositors holding Shares through CDP, whose addresses are outside Singapore as shown in the Register or in the Depository Register (as the case may be)
<b>“PGK”</b>	:	PGK Digital Networks Pte. Ltd.
<b>“Recommending Directors”</b>	:	The directors of the Company who are considered independent for the purposes of the Offer, being Koh Choon Hui, Chang Yew Kong, VN, LKS and Tan Chade Pang
<b>“Register”</b>	:	The register of holders of the Shares, as maintained by the Registrar
<b>“Registrar”</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<b>“SFA”</b>	:	Securities and Futures Act 2001 of Singapore
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Holders of Shares, including persons whose/which Shares are deposited with CDP or who/which have purchased Shares on the SGX-ST
<b>“Shares”</b>	:	Issued ordinary shares in the capital of the Company
<b>“SIC”</b>	:	Securities Industry Council of Singapore
<b>“SRS”</b>	:	Supplementary Retirement Scheme
<b>“SRS Agent Banks”</b>	:	Agent banks included under the SRS
<b>“SRS Investors”</b>	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
<b>“VN”</b>	:	Neo Wee Han Victor
<b>“VWAP”</b>	:	Volume weighted average price
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, respectively
<b>“%” or “per cent.”</b>	:	Per centum or percentage

---

## DEFINITIONS

---

**Acting in concert.** The term “**acting in concert**” shall have the meaning ascribed to it in the Code.

**Convertible securities, etc.** Save as otherwise defined and if the context otherwise requires, the expressions “**convertible securities**”, “**derivative**” and “**options**” shall have the meanings ascribed to them in the Code.

**Depositors, etc.** The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them in Section 81SF of the SFA.

**Genders.** Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

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

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

**Shareholders.** References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to Shareholders (including persons whose Offer Shares are deposited with CDP or who have purchased Offer Shares on the SGX-ST).

**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 Code or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Code or the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

**Subsidiary and Related Corporation.** References to “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

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

**Total number of issued Shares.** Unless otherwise stated, references in this Circular to the total number of issued Shares are based on 167,499,937 Shares in issue as at the Latest Practicable Date (based on a search conducted at ACRA as at the Latest Practicable Date). Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 167,499,937 Shares, as at the Latest Practicable Date.

**Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics, and capitalised terms used within these reproduced statements shall bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution, respectively.**

---

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

---

Certain statements contained in this Circular, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. These statements reflect the Company’s current expectations, beliefs, hopes, plans, prospects, intentions or strategies regarding the future and assumptions in light of currently available information.

These forward-looking statements, including but not limited to, statements as to revenue and profitability; any expected growth; any expected industry prospects and trends; planned strategy and future expansion plans; any other matters that are not historical facts; and any other matters discussed in this Circular, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s and the Group’s actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. The Group, the Directors, the executive officers of the Company are not representing or warranting to you that the actual future results, performance or achievements of the Company and the Group will be as those discussed in those statements. The respective actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by the Group. Further, the Company disclaims any responsibility, and undertake no obligation to update or revise any forward- looking statements contained in this Circular to reflect any change in the Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

---

## LETTER TO SHAREHOLDERS

---

### REVEZ CORPORATION LTD.

(Company Registration No: 201119167Z)  
(Incorporated in Singapore)

#### Directors:

Mr. Koh Choon Hui (*Chairman and Independent Director*)  
Mr. Neo Wee Han Victor (*Deputy Board Chairman, Executive Director and Group Chief Executive Officer*)  
Mr. Lim Kian Sing (*Executive Director and Group Chief Operating Officer*)  
Mr. Chang Yew Kong (*Independent Director*)  
Mr. Tan Chade Phang (*Independent Director*)

#### Registered Office:

29 Media Circle  
#03-13  
Alice@Mediapolis  
Singapore 138565

Date: 6 January 2023

To: **The Shareholders of REVEZ Corporation Ltd.**

Dear Sir/Madam

### MANDATORY UNCONDITIONAL CASH OFFER BY THE JOINT OFFERORS FOR THE OFFER SHARES

#### 1. INTRODUCTION

##### 1.1 Offer Announcement

On Offer Announcement Date, the Joint Offerors announced that they had on the same day acquired an aggregate of 98,118,417 issued and paid-up ordinary shares in the capital of the Company ("**Shares**") from L3N, VN, LKS and LXF representing approximately 58.58% of the total number of issued Shares at a cash consideration of S\$0.0306 per Share ("**Acquisition**"). As a result of the Acquisition, the Joint Offerors are obliged to make an Offer for all the Offer Shares, in accordance with Rule 14 of the Code.

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

##### 1.2 Offer Document

Shareholders should have by now received a 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.

A copy of the Offer Document is available on the website of the SGX-ST at <https://www.sgx.com>.

##### 1.3 Independent Financial Adviser

The Company has appointed Novus Corporate Finance Pte. Ltd. as the IFA to advise the Recommending Directors in respect of the Offer.

---

## LETTER TO SHAREHOLDERS

---

### 1.4 Purpose of this Circular

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

**Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the Offer before deciding whether to accept or reject the Offer.**

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

## 2. THE OFFER

As set out in the Offer Document, the Offer is made on the following terms and conditions:

### 2.1 Terms of the Offer

Section 2 of the Letter to Shareholders in the Offer Document sets out information on the principal terms and conditions of the Offer as made by the Joint Offerors, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

#### ***“2. TERMS OF THE OFFER***

##### ***2.1 Offer Price***

*The Joint Offerors hereby make the Offer, in accordance with Section 139 of the SFA and Rule 14 of the Code, and subject to the terms and conditions of this Offer Document, for all the Offer Shares on the following basis:*

***S\$0.0306 in cash for each Offer Share (“Offer Price”)***

***The Offer Price is final and the Joint Offerors do not intend to revise the Offer Price.***

##### ***2.2 Offer Shares***

*The Offer will be extended, on the same terms and conditions, to all of the Shares in issue, other than those already owned, controlled or agreed to be acquired by the Joint Offerors as at the date of the Offer (“Offer Shares”).*

---

## LETTER TO SHAREHOLDERS

---

### 2.3 No Encumbrances

*The Offer Shares will be acquired:*

- (a) validly issued and fully paid;*
- (b) free from all mortgages, assignments, debentures, liens, hypothecation, charges, pledges, adverse claims, rent-charge, title retention, claims, equity, options, encumbrances, pre-emption rights, rights to acquire, security agreement and security interest or other rights of whatever nature; and*
- (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to all voting rights, the right to receive and retain all dividends, rights, return of capital and other distributions (“Distributions”) (if any) which may be announced, declared, made or paid thereon by the Company on or after the Offer Announcement Date.*

*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 Shareholders who validly accept or have validly accepted the Offer by an amount equivalent to such Distribution.*

### 2.4 Unconditional

*The Offer is unconditional in all respects.”*

### 2.2 Details of the Offer

Further details on the duration of the Offer, settlement of the consideration for the Offer, the requirements relating to the announcement(s) of the level of acceptances of the Offer, and the right of withdrawal of acceptances of the Offer are set out in Appendix A to the Offer Document.

### 2.3 Closing Date

The Offer Document states that the Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date (being 23 December 2022), unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 20 January 2023, being the Closing Date. The Joint Offerors do not intend to extend the Offer beyond 5.30 p.m. (Singapore Time) on 20 January 2023 and hence, the Offer will not be open for acceptances beyond 5.30 p.m. (Singapore Time) on 20 January 2023. The Joint Offerors do not intend to revise the terms of the Offer.

### 2.4 Procedures for Acceptance

The procedures for acceptance of the Offer by a Shareholder are set out in Appendix B to the Offer Document.

---

## LETTER TO SHAREHOLDERS

---

### 3. INFORMATION ON THE JOINT OFFERORS

Section 6 of the Letter to Shareholders in the Offer Document sets out information on the Joint Offerors, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

**“6. INFORMATION ON THE JOINT OFFERORS**

*Lim Quee Lan is an investor. Prior to that, she was working as an executive in a multinational corporation.*

*Tan Kim Swee Bernard is a lawyer and the founder and managing director of Quadrant Law LLC.*

*Additional information on the Joint Offerors is set out in **Appendix C** of this Offer Document.”*

### 4. RATIONALE FOR THE OFFER AND THE JOINT OFFEROR’S INTENTIONS FOR THE COMPANY

Section 8 of the Letter to Shareholders in the Offer Document sets out information on the rationale for the Offer and the Joint Offerors’ intentions for the Company, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

**“8. RATIONALE FOR THE OFFER AND THE JOINT OFFERORS’ INTENTIONS FOR THE COMPANY**

**8.1 Compliance with the Code**

*The Joint Offerors are making the Offer as a result of the Acquisition, solely to comply with the requirements of the Code.*

**8.2 Intention for the Company**

*There is currently no intention to (a) introduce any major changes to the existing businesses of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. However, the Joint Offerors will, on close of the Offer, review their strategic options in relation to the existing businesses of the Group to release the value of the existing businesses, and consider possible acquisitions, disposals, joint ventures, business partnerships and business model transformation opportunities which are in the interests of the Group. This includes, among others, seeking approval from the shareholders of the Group to diversify its businesses. Pending the outcome of such review and subject thereto, the Joint Offerors may make changes to the operations and businesses of the Group. Accordingly, the Joint Offerors retain the flexibility to explore options or opportunities which may present themselves and to consider any options with respect to making any major changes to the businesses of the Group (including re-deployment of fixed assets of the Group) and with respect to the continued employment of the employees of the Group.”*

---

## LETTER TO SHAREHOLDERS

---

### 5. THE JOINT OFFERORS' INTENTION REGARDING LISTING STATUS AND COMPULSORY ACQUISITION

Section 9 of the Letter to Shareholders in the Offer Document sets out information on the Joint Offerors' intentions relation to the listing status and compulsory acquisition of the Company, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

#### ***"9. LISTING STATUS AND COMPULSORY ACQUISITION***

##### ***9.1 Listing Status***

*Under Rule 1104 of the Catalist Rules, in the event that the Joint Offerors and their Concert Parties should, as a result of the Offer or otherwise, own or control more than 90% of the total number of issued Shares, the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the total number of issued Shares are held by at least 200 Shareholders who are members of the public. Under Rule 1303(1) of the Catalist Rules, where the Joint Offerors succeed in garnering acceptances exceeding 90% of the total number of issued Shares, thus causing the percentage of the total number of issued Shares held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares at the close of the Offer.*

*Shareholders are advised to note that Rule 723 of the Catalist Rules requires the Company to ensure that at least 10% of the total number of issued Shares is at all times held by the public. In addition, under Rule 724(1) of the Catalist Rules, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as practicable, notify its sponsor of that fact and announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST.*

*Rule 724(2) of the Catalist Rules 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 in public hands to at least 10% failing which the Company may be delisted from the SGX-ST.*

##### ***9.2 Compulsory Acquisition***

*Pursuant to Section 215(1) (read with Section 215AA) of the Companies Act, if the Joint Offerors receive valid acceptances pursuant to the Offer and/or acquire such number of Offer Shares at the close of the Offer in respect of not less than 90% of the total number of issued Shares (other than those already held by the Joint Offerors, their related corporations or their respective nominees as at the date of the Offer), the Joint Offerors will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") on the same terms as those offered under the Offer. Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Joint Offerors to acquire their Shares at the Offer Price in the event that the Joint Offerors acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Joint Offerors, their related corporations or their respective nominees, comprise or include 90% or more of the total number of issued Shares as at the close of the Offer. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.*

---

## LETTER TO SHAREHOLDERS

---

*If the right under Section 215(1) (read with Section 215AA) of the Companies Act is available, the Joint Offerors do not intend to exercise their rights of compulsory acquisition under Section 215(1) (read with Section 215AA) of the Companies Act to acquire those Offer Shares not acquired by the Joint Offerors pursuant to the Offer.*

### 9.3 Intention to Maintain the Present Listing Status

*It is the current intention of the Joint Offerors to maintain the present listing status of the Company on the Catalist of the SGX-ST following the completion of the Offer. As stated in paragraph 9.2 of this Offer Document, the Joint Offerors do not intend to exercise their rights under Section 215(1) of the Companies Act. Accordingly, in the event that the percentage of Shares held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Joint Offerors intend to take such steps which are necessary to restore the Company's public float in order to maintain the listing status of the Company. However, there is no assurance that timely and appropriate actions can be taken as these are dependent on, inter alia, prevailing market conditions at the relevant time. In the event that the public float of the Company cannot be achieved, trading in the Shares may continue to be suspended and/or the Company may be delisted."*

## 6. FINANCIAL EVALUATION OF THE OFFER

Section 10 of the Letter to Shareholders in the Offer Document sets out information on the financial aspects of the Offer, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

### "10. FINANCIAL EVALUATION

*The Offer Price represents the following **DISCOUNT TO** the historical traded prices of the Shares on the SGX-ST:*

<i>Description</i>	<i>Benchmark Price (S\$)<sup>(1)</sup></i>	<i>Discount over Benchmark Price (%)<sup>(2)</sup></i>
<i>Last transacted price per Share as quoted on the SGX-ST on 1 December 2022 ("<b>Last Trading Date</b>", being the last full day of trading in the Shares prior to the Acquisition on 7 December 2022)</i>	<i>0.0900</i>	<i>66.00</i>
<i>VWAP per Share for the one-month period up to and including the Last Trading Day</i>	<i>0.0889</i>	<i>65.58</i>
<i>VWAP per Share for the three-month period up to and including the Last Trading Day</i>	<i>0.0927</i>	<i>66.99</i>

**Notes:**

(1) *The historical traded prices are rounded to the nearest four (4) decimal places. The historical traded prices and the corresponding discount are computed based on data extracted from Bloomberg L.P..*

(2) *Percentages rounded to the nearest two (2) decimal places."*

---

## LETTER TO SHAREHOLDERS

---

### 7. DISCLOSURE OF HOLDINGS, DEALINGS AND OTHER ARRANGEMENTS IN COMPANY SECURITIES

Section 11 of the Letter to Shareholders in the Offer Document sets out the full text of the disclosure of holdings, dealings and other arrangements in Company Securities, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

#### ***“11. DISCLOSURE OF HOLDINGS, DEALINGS AND OTHER ARRANGEMENTS IN COMPANY SECURITIES***

##### ***11.1 Holdings and Dealings in the Company Securities***

*Save as disclosed in this Offer Document (in particular, but without limitation, in **Appendix E** of this Offer Document), and based on responses received pursuant to enquiries that the Joint Offerors have made, as at the Latest Practicable Date, none of the Joint Offerors and their Concert Parties (“**Relevant Persons**”):*

- (a) owns, controls or has agreed to acquire any Company Securities; or*
- (b) has dealt for value in any Company Securities during the Reference Period.*

##### ***11.2 Other Arrangements***

*Save as disclosed in this Offer Document (in particular, but without limitation, in **Appendix E** of this Offer Document), and based on responses received pursuant to enquiries that the Joint Offerors have made, as at the Latest Practicable Date, none of the Relevant Persons have:*

- (a) entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Company Securities which may be an inducement to deal or refrain from dealing;*
- (b) received any irrevocable commitment to accept or reject the Offer in respect of any Company Securities;*
- (c) granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise;*
- (d) borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold); or*
- (e) lent any Company Securities to another person.”*

---

## LETTER TO SHAREHOLDERS

---

### 8. CONFIRMATION OF FINANCIAL RESOURCES

Section 12 of the Letter to Shareholders in the Offer Document sets out the full text of the confirmation of financial resources by Virtus Law LLP, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

***“12. CONFIRMATION OF FINANCIAL RESOURCES***

*Virtus Law LLP, in its capacity as the legal adviser to the Joint Offerors in connection with the Offer, confirms that sufficient financial resources are available to the Joint Offerors to satisfy full acceptances of the Offer on the basis of the Offer Price.”*

### 9. ADVICE AND RECOMMENDATION

#### 9.1 Appointment of Independent Financial Adviser and Legal Adviser

Novus Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to the Recommending Directors in respect of the Offer.

Shareholders should read the IFA Letter in its entirety and consider carefully the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in relation to the Offer in their entirety before deciding whether to accept or reject the Offer.

For the purposes of this Circular, Bayfront Law LLC has been appointed as the legal advisers to the Company in respect of the Offer.

#### 9.2 Independence of Recommending Directors

All of the Recommending Directors consider themselves independent for the purposes of making a recommendation on the Offer.

#### 9.3 Evaluation of the Offer by the IFA and the IFA’s Advice to the Recommending Directors on the Offer

The IFA Letter setting out the advice of the IFA to the Recommending Directors in relation to the Offer is set out as **Appendix A (IFA Letter)** to this Circular.

An extract of the opinion and advice from the IFA to the Recommending Directors in relation to the Offer is set out below. Shareholders should read the following extract in conjunction with, and in the context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

---

## LETTER TO SHAREHOLDERS

---

### **“8. OPINION AND ADVICE**

#### **8.1 Our Opinion**

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

- (a) the Group recorded increasing revenues of approximately S\$5.6 million, S\$6.6 million, S\$7.5 million, S\$3.9 million and S\$4.2 million in FY2019, FY2020, FY2021, 1H2021 and 1H2022 respectively. Save for FY2020 where the Group recorded a net profit attributable to owners of the Company of approximately S\$0.1 million, the Group had recorded net losses attributable to owners of the Company of S\$12.3 million and S\$1.9 million in FY2019 and FY2021 respectively. The Group recorded a net loss attributable to owners of the Company of approximately S\$0.6 million in 1H2021 vis-à-vis a net profit attributable to owners of the Company of approximately S\$0.5 million in 1H2022. The Group also recorded (a) net cash from operating activities of approximately S\$1.0 million and S\$0.6 million in FY2020 and 1H2022 respectively, and net cash used in operating activities of approximately S\$1.2 million, S\$0.5 million and S\$1.2 million in FY2019, FY2021 and 1H2021 respectively;*
- (b) the Offer Price is lower than the closing prices of the Company during the period between the resumption of trading of Shares on 10 June 2019 following the completion of the 2019 RTO on 23 May 2019, and up to the Latest Practicable Date;*
- (c) the Offer Price represents:*
  - (i) a significant discount of approximately 79.5%, 69.7%, 67.0% and 65.6% to the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively;*
  - (ii) a significant discount of approximately 66.0% to the closing price of the Shares of S\$0.090 on the Last Trading Day;*
  - (iii) a significant discount of approximately 48.6% to the VWAP of the Shares of S\$0.0595 for the period after the Offer Announcement and up to the Latest Practicable Date; and*
  - (iv) a significant discount of approximately 38.8% to the closing price of the Shares of S\$0.050 on the Latest Practicable Date;*
- (d) the Shares had generally underperformed the FTSESC Index during the one-year period prior to and including the Last Trading Day and up to the Latest Practicable Date, and the closing price of the Shares had decreased by approximately 44.4% while the FTSESC Index had decreased by approximately 3.2% between the Last Trading Day and the Latest Practicable Date;*
- (e) the Offer Price is at a discount of approximately 16.6% to the unaudited NAV per Share of the Group of approximately S\$0.0367 as at 30 June 2022, and would value the Group at a P/NAV ratio (as implied by the Offer Price) of 0.83 times;*

---

## LETTER TO SHAREHOLDERS

---

- (f) *in respect of the Comparable Companies:*
- (i) *the Company had recorded a net loss for the latest 12-month period, hence the LTM P/E ratio of the Company (as implied by the Offer Price) is not applicable;*
  - (ii) *in relation to the Digital Media Comparable Companies, the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) of 24.46 times is significantly above the range of the LTM EV/EBITDA ratios of the Digital Media Comparable Companies of between 1.96 times and 4.68 times, and is significantly above the mean and median LTM EV/EBITDA ratios of the Digital Media Comparable Companies of 3.48 times and 3.64 times respectively; and*
  - (iii) *the P/NAV ratio of the Company (as implied by the Offer Price) of 0.83 times is (aa) below the range of P/NAV ratios of the IT Solutions Comparable Companies of between 0.87 times and 2.69 times, and is below the mean and median P/NAV ratios of the IT Solutions Comparable Companies of 1.58 times and 1.18 times respectively, and (bb) within the range of P/NAV ratios of the Digital Media Comparable Companies of between 0.50 times and 3.95 times, but is below the mean and median P/NAV ratios of the Digital Media Comparable Companies of 1.63 times and 1.04 times respectively;*
- (g) *in respect of the Non-Privatisation Transactions as follows:*
- (i) *the discount of approximately 66.0% (as implied by the Offer Price) to the closing price of the Shares on the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 88.9% and a premium of 75.0%, but is significantly below the corresponding mean and median premia of 7.9% and 6.2% of the Non-Privatisation Transactions respectively;*
  - (ii) *the discount of approximately 65.6% (as implied by the Offer Price) to the one-month VWAP of the Shares up to and including the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 87.6% and a premium of 85.9%, but is significantly below the corresponding mean and median premia of 13.7% and 8.6% of the Non-Privatisation Transactions respectively;*
  - (iii) *the discount of approximately 67.0% (as implied by the Offer Price) to the 3-month VWAP of the Shares up to and including the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 91.0% and a premium of 88.9%, but is significantly below the corresponding mean and median premia of 15.7% and 11.1% of the Non-Privatisation Transactions respectively;*
  - (iv) *the discount of approximately 69.7% (as implied by the Offer Price) to the 6-month VWAP of the Shares up to and including the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 80.0% and a premium of 78.6%, but is significantly below the corresponding mean and median premia of 6.0% and 7.7% of the Non-Privatisation Transactions respectively; and*
  - (v) *the P/NAV ratio of 0.83 times (as implied by the Offer Price) is (i) within the range of the Non-Privatisation Transactions of between 0.33 times and 2.19 times, but is below the mean and median offer price-to-NAV ratio of the Non-Privatisation Transactions of 1.03 times and 0.93 times respectively;*

---

## LETTER TO SHAREHOLDERS

---

- (h) *the Offer Price is lower than the Estimated Theoretical Valuation Range of between S\$0.034 and S\$0.040; and*
- (i) *other relevant considerations in relation to the Offer as follows:*
  - (i) *the Offer Price representing a (aa) significant discount of approximately 91.6% to the Compliance Placement Issue Price of S\$0.3664 per consolidated Share, and (bb) a discount of approximately 10.0% to the Average Acquisition Price per Share of S\$0.0340;*
  - (ii) *the outlook of the Group, inter alia, that the Company understands that the local IT industry is facing a talent crunch which is putting pressure on the industry's ability to deliver projects, and provides IT support operations and services smoothly, coupled with the high inflation rate and accelerated increase in interest rates adding to the overall cost. Notwithstanding, the Group has seen slight recovery on IT enquiries to support the MICE industry as travel borders started to re-open slowly in May 2022;*
  - (iii) *the Offer is unconditional in all respects, and the Offer Price is final;*
  - (iv) *as at the Latest Practicable Date, apart from the Offer being made by the Joint Offerors, no other third party has made a firm offer for the Company;*
  - (v) *the Joint Offerors may be in a position to significantly influence, inter alia, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Joint Offerors and their concert parties do not have an interest; and*
  - (vi) *the Company not having declared and/or paid any dividend since the 2019 RTO.*

*Having considered the aforementioned points including the various factors set out in this letter and summarised in this section, we are of the opinion that, the financial terms of the Offer are **not fair and not reasonable**.*

*In determining that the Offer is **not fair**, we have considered the following pertinent factors:*

- (i) *the Offer Price is lower than all the closing prices of the Shares during the period between the resumption of trading of Shares on 10 June 2019 following the completion of the 2019 RTO on 23 May 2019, and up to the Latest Practicable Date.*
- (ii) *the Offer Price represents a significant discount to (aa) the closing price of the Shares as at the Last trading Day, (bb) the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (cc) the VWAP of the Shares for the period after the Offer Announcement and up to the Latest Practicable Date, and (dd) the closing price of the Shares on the Latest Practicable Date;*
- (iii) *the Offer Price represents a discount to the NAV per Share as at 30 June 2022; and*
- (iv) *the Offer Price is below the Estimated Theoretical Valuation Range.*

---

## LETTER TO SHAREHOLDERS

---

In determining that the Offer is **not reasonable**, we have considered the following pertinent factors:

- (i) in respect of the Digital Media Comparable Companies, although the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) is significantly above the mean and median LTM EV/EBITDA ratio of the Digital Media Comparable Companies, the P/NAV ratio of the Company (as implied by the Offer Price) is below the mean and median P/NAV ratios of both the IT Solutions Comparable Companies and Digital Media Comparable Companies;
- (ii) in respect of the Non-Privatisation Transactions, (aa) the discount of the Offer Price to the closing price of the Shares on the Last Trading Day, and the one-month, 3-month, and 6-month VWAP of the Shares up to and including the Last Trading Day is significantly below the corresponding mean and median premia of the Non-Privatisation Transactions, and (bb) the P/NAV ratio of the Company (as implied by the Offer Price) is below the mean and median offer price-to-NAV ratios of the Non-Privatisation Transactions; and
- (iii) the Offer Price represents (aa) a significant discount to the Compliance Placement Issue Price, and (bb) a discount to the Average Acquisition Price.

### 8.2 Our Advice

**Accordingly, we advise the Recommending Directors to recommend that Shareholders reject the Offer.”**

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

### 9.4 Recommendation of the Recommending Directors

The Recommending Directors have reviewed and considered carefully the terms of the Offer and the advice given by the IFA in the IFA Letter. The Recommending Directors concur with the IFA's assessment of the Offer and its advice and recommendation thereto, as extracted from the IFA Letter and reproduced in section 9.3 above. Accordingly, the Recommending Directors recommend that the Shareholders **reject** the Offer.

**SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER SET OUT AS APPENDIX A (IFA LETTER) TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER.**

**Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders should note that the IFA's advice to the Recommending Directors in relation to the Offer should not be relied upon by any Shareholder as the sole basis for deciding whether to accept or reject the Offer.**

---

## LETTER TO SHAREHOLDERS

---

In rendering the advice and recommendation above, both the IFA and the Recommending Directors have not given regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. As each individual Shareholder may have different investment objectives and profiles, the Recommending Directors would advise that any individual Shareholder who may require specific advice in relation to his/her/its investment objectives or portfolio should consult his/her/its legal, financial, tax or other professional adviser immediately.

### 10. OVERSEAS SHAREHOLDERS

Section 14 of the Letter to Shareholders in the Offer Document sets out information relating to Overseas Shareholders, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

#### ***“14. OVERSEAS SHAREHOLDERS***

##### ***14.1 Overseas Jurisdictions***

*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 any 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 release, publication or distribution of this Offer Document, the Notification, the Acceptance Forms and/or any related documents in certain overseas jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document, the Notification, the Acceptance Forms and/or any related documents is released, published or distributed should inform themselves about and observe such restrictions.*

*Copies of this Offer Document, the Notification, the Acceptance Forms and/or any related documents and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the laws of that jurisdiction (a “**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

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

---

## LETTER TO SHAREHOLDERS

---

### **14.2 Overseas Shareholders**

*The availability of the Offer to Overseas Shareholders and the ability of Overseas Shareholders to accept the Offer may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable legal requirements in the relevant overseas jurisdictions and exercise caution in relation to the Offer, as this Offer Document has not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending the Notification and/or the relevant Acceptance Forms to any overseas jurisdictions, the Joint Offerors, CDP and the Registrar each reserves the right not to send these documents or any part thereof to Overseas Shareholders in such overseas jurisdictions.***

***For the avoidance of doubt, the Offer is open to all Shareholders holding Offer Shares, including those to whom the Notification and/or the relevant Acceptance Forms have not been, or may not be, sent.***

It is the responsibility of Overseas Shareholders who wish (a) to request for the Notification and/or the relevant Acceptance Forms; or (b) to accept the Offer, to satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Joint Offerors, CDP, the Registrar and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Joint Offerors, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In (a) requesting for the Notification and the relevant Acceptance Forms; and/or (b) accepting the Offer, each Overseas Shareholder represents and warrants to the Joint Offerors, CDP and the Registrar 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 doubt about his position, including (without limitation) the ability to accept the Offer, should consult his professional adviser in the relevant jurisdiction.***

### **14.3 Copies of the Notification and the Relevant Acceptance Forms**

*Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, obtain a copy of the Notification, the relevant Acceptance Forms and any related documents during normal business hours and up to the Closing Date, from CDP (if he is a Depositor) by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at [asksgx@sgx.com](mailto:asksgx@sgx.com) for instructions on how to obtain a copy of such documents or the office of the Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (if he is a scripholder) at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632.*

---

## LETTER TO SHAREHOLDERS

---

*Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Joint Offerors at (a) Lim Quee Lan and Tan Kim Swee Bernard c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934 (if he is a Depositor), or (b) Lim Quee Lan and Tan Kim Swee Bernard c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (if he is a scripholder), to request for the Notification, the relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.*

*Electronic copies of this Offer Document and the relevant Acceptance Forms are available on the website of the SGX-ST at <https://www.sgx.com>.*

### **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 to the SGX-ST and if necessary, paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.”*

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

Shareholders who wish to accept the Offer, must do so not later than 5.30 p.m. (Singapore time) on 20 January 2023 and should follow the procedures set out in Appendix B to the Offer Document and in the accompanying FAA and/or FAT (as applicable). The Joint Offerors do not intend to extend the Offer beyond 5.30 p.m. (Singapore Time) on 20 January 2023 and hence, the Offer will not be open for acceptances beyond 5.30 p.m. (Singapore Time) on 20 January 2023. The Joint Offerors do not intend to revise the terms of the Offer.

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

### **12. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS**

Section 15 of the Letter to Shareholders in the Offer Document sets out information relating to CPFIS Investors and SRS Investors, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

#### **“15. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS**

*CPFIS Investors and SRS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks 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.*

---

## LETTER TO SHAREHOLDERS

---

*CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors who accept the Offer will receive the Offer Price in respect of their Offer Shares, in their respective CPF investment accounts and SRS investment accounts.”*

### 13. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Joint Offerors, parties acting in concert with the Joint Offerors, the Offer, the Offer Announcement, the Offer Document and the IFA Letter) are fair and accurate and, where appropriate, no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading. The Directors jointly and severally accept full responsibility accordingly.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated 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 (including, without limitation, the Offer Announcement, the Offer Document, and the IFA Letter), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

### 14. ADDITIONAL GENERAL INFORMATION

Additional general information is provided in **Appendix B (Additional General Information)** to this Circular.

The attention of Shareholders is also drawn to the additional information set out in the other Appendices which form part of this Circular.

Yours faithfully

By order of the Board  
**REVEZ CORPORATION LTD.**  
Mr. Neo Wee Han Victor  
(Deputy Board Chairman and Group Chief Executive Officer)

6 January 2023

---

## APPENDIX A – IFA LETTER

---

### NOVUS CORPORATE FINANCE PTE. LTD.

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

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

6 January 2023

To: The Recommending Directors of Revez Corporation Ltd. (the “**Company**”)  
(in relation to the Offer (as defined below))

Koh Choon Hui  
Chang Yew Kong  
Tan Chade Phang  
Neo Wee Han Victor  
Lim Kian Sing

Dear Sirs,

#### INDEPENDENT FINANCIAL ADVICE TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE MANDATORY UNCONDITIONAL CASH OFFER

---

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 6 January 2023 (the “**Circular**”) issued by the Company to the shareholders of the Company (the “**Shareholders**”) shall have the same meanings herein.*

#### 1. INTRODUCTION

On 7 December 2022 (the “**Announcement Date**”), Lim Quee Lan and Tan Kim Swee Bernard (collectively, the “**Joint Offerors**”) announced that they had on 7 December 2022 acquired from L3N Capital Pte. Ltd., Neo Wee Han Victor, Lim Kian Sing and Liang Xingfen an aggregate of 98,118,417 issued shares of the Company (the “**Shares**”), representing approximately 58.58% of the total number of issued Shares for a cash consideration of S\$0.0306 per Share (the “**Acquisition**”). Prior to the Acquisition, the Joint Offerors did not own or control any Shares.

As a consequence of the Acquisition, the Joint Offerors are obliged to make a mandatory unconditional cash offer (the “**Offer**”) for all the issued and paid-up Shares, other than those already owned, controlled or agreed to be acquired by the Joint Offerors (the “**Offer Shares**”), in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”) and Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”). Accordingly, the Offer was announced on 7 December 2022 for the Offer Shares at an offer price of S\$0.0306 in cash (the “**Offer Price**”) for each Offer Share (the “**Offer Announcement**”).

In connection with the Offer, Novus Corporate Finance Pte. Ltd. (“**NCF**”) has been appointed by the Company as the independent financial adviser (the “**IFA**”) to the directors of the Company who are considered independent in respect of the Offer (the “**Recommending Directors**”) for the purpose of making a recommendation to the Shareholders in respect of the Offer.

This letter is addressed to the Recommending Directors and sets out, *inter alia*, our evaluation of the financial terms of the Offer and our advice thereon, and forms part of the Circular providing, *inter alia*, details of the Offer and the recommendation of the Recommending Directors to the Shareholders.

---

## APPENDIX A – IFA LETTER

---

### 2. TERMS OF REFERENCE

We have been appointed to advise the Recommending Directors on the financial terms of the Offer in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Offer and have not taken into account the strategic, legal, commercial risks and/or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for or the strategic or long term merits of the Offer or on the future prospects of the Company and its subsidiaries (collectively, the “**Group**”) or the method and terms by which the Offer has been made or any other alternative methods by which the Offer may be made. Such evaluations and comments remain the sole responsibility of the directors of the Company (the “**Directors**”), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion and advice as set out in this letter.

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

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

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

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

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

Our analysis, opinion and advice as set out in this letter are based on the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at, 29 December 2022 (the “**Latest Practicable Date**”). Such conditions may change significantly

---

## APPENDIX A – IFA LETTER

---

over a relatively short period of time, and we assume no responsibility to update, revise or reaffirm our opinion and advice in light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

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

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

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

### 3. THE OFFER

Shareholders should have by now received a copy of the offer document dated 23 December 2022 (the “**Offer Document**”) that contains the formal offer by the Joint Offerors to acquire all the Offer Shares, subject to the terms and conditions of the Offer as set out in the Offer Document. The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below:

#### 3.1 Terms of the Offer

##### 3.1.1 Offer Price

The Joint Offerors had made the Offer, in accordance with Section 139 of the SFA and Rule 14 of the Code, and subject to the terms and conditions of the Offer Document, for all the Offer Shares at **S\$0.0306** in cash for each Offer Share.

**The Offer Price is final and the Joint Offerors do not intend to revise the Offer Price.**

##### 3.1.2 Offer Shares

The Offer will be extended, on the same terms and conditions, to all of the Offer Shares in issue, other than those already owned, controlled or agreed to be acquired by the Joint Offerors as at the date of the Offer.

##### 3.1.3 No Encumbrances

The Offer Shares will be acquired:

- (a) validly issued and fully paid;
- (b) free from all mortgages, assignments, debentures, liens, hypothecation, charges, pledges, adverse claims, rent-charge, title retention, claims, equity, options, encumbrances, pre-emption rights, rights to acquire, security agreement and security interest or other rights of whatever nature; and
- (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Announcement Date and thereafter attaching thereto, including but not limited to all voting rights, the right to receive and retain all dividends, rights, return of capital and

---

## APPENDIX A – IFA LETTER

---

other distributions (the “**Distributions**”) (if any) which may be announced, declared, made or paid thereon by the Company, on or after the Announcement Date.

If any Distribution is announced, declared, paid or made by the Company on or after the 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 Shareholders who validly accept or have validly accepted the Offer by an amount equivalent to such Distribution.

### 3.2 Unconditional Offer

The Offer is unconditional in all respects.

### 3.3 Closing Date

The Offer Document states that the Offer is open for acceptance by Shareholders for at least 28 days from the despatch date of the Offer Document (being 23 December 2022), unless the Offer is withdrawn with the consent of the Securities Industry Council of Singapore and every person released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 20 January 2023, being the closing date of the Offer. The Joint Offerors do not intend to extend the Offer beyond 5.30 p.m. (Singapore Time) on 20 January 2023 and hence, the Offer will not be open for acceptances beyond 5.30 p.m. (Singapore Time) on 20 January 2023. The Joint Offerors do not intend to revise the terms of the Offer.

### 3.4 Further Details of the Offer

Further details of the Offer, including (a) the duration of the Offer, (b) the settlement of the consideration of the Offer, (c) the requirements relating to the announcement(s) of the level of acceptances of the Offer, and (d) the right of withdrawal of acceptances of the Offer, are set out in Appendix A to the Offer Document.

Please refer to Appendix B to the Offer Document and the accompanying form of acceptance and authorisation for the Offer Shares (“**FAA**”) and/or the form of acceptance and transfer for the Offer Shares (“**FAT**”) (as the case may be) for the procedures for acceptance of the Offer.

## 4. INFORMATION ON THE JOINT OFFERORS

The information on the Joint Offerors has been extracted from section 6 of the Offer Document and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

### “6. INFORMATION ON THE JOINT OFFERORS

*Lim Quee Lan is an investor. Prior to that, she was working as an executive in a multinational corporation.*

*Tan Kim Swee Bernard is a lawyer and the founder and managing director of Quadrant Law LLC”.*

Additional information on the Joint Offerors is set out in Appendix C to the Offer Document.

## 5. INFORMATION ON THE COMPANY

Please refer to section 7 of the Offer Document for information on the Company. Additional information on the Company is set out in Appendix D to the Offer Document.

---

## APPENDIX A – IFA LETTER

---

### 6. RATIONALE FOR THE OFFER AND THE JOINT OFFERORS' INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer and the Joint Offerors' intentions for the Company has been extracted from section 8 of the Offer Document and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

#### *“8. RATIONALE FOR THE OFFER AND THE JOINT OFFERORS' INTENTIONS FOR THE COMPANY*

##### **8.1 Compliance with the Code**

*The Joint Offerors are making the Offer as a result of the Acquisition, solely to comply with the requirements of the Code.*

##### **8.2 Intention for the Company**

*There is currently no intention to (a) introduce any major changes to the existing businesses of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. However, the Joint Offerors will, on close of the Offer, review their strategic options in relation to the existing businesses of the Group to release the value of the existing businesses, and consider possible acquisitions, disposals, joint ventures, business partnerships and business model transformation opportunities which are in the interests of the Group. This includes, among others, seeking approval from the shareholders of the Group to diversify its businesses. Pending the outcome of such review and subject thereto, the Joint Offerors may make changes to the operations and businesses of the Group. Accordingly, the Joint Offerors retain the flexibility to explore options or opportunities which may present themselves and to consider any options with respect to making any major changes to the businesses of the Group (including re-deployment of fixed assets of the Group) and with respect to the continued employment of the employees of the Group.”*

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

In assessing the financial terms of the Offer, we have considered the following which we consider to be pertinent and to have a significant bearing on our evaluation:

- (a) the historical financial performance of the Group;
- (b) the historical market price performance and trading activity of the Shares;
- (c) the historical Share price performance relative to market index;
- (d) the net asset value (“NAV”) of the Group;
- (e) the valuation ratios of selected listed companies listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”), Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and The Stock Exchange of Hong Kong Limited (the “HKEx”) which principal business activities are broadly comparable to those of the Group;
- (f) the selected precedent non-privatisation transactions on the SGX-ST;
- (g) the estimated theoretical valuation of the Shares; and
- (h) other relevant considerations.

## APPENDIX A – IFA LETTER

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

### 7.1 Historical Financial Performance of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the audited consolidated financial statements of the Group for the financial years ended 31 December 2019 (“FY2019”), 31 December 2020 (“FY2020”) and 31 December 2021 (“FY2021”), as well as the condensed interim financial statements of the Group for the 6-month period ended 30 June 2021 (“1H2021”) and 30 June 2022 (“1H2022”). The following summary of the financial information should be read in conjunction with the full text of the Group’s consolidated financial statements for FY2019, FY2020, FY2021, 1H2021 and 1H2022 in respect of the relevant financial periods, including the notes thereto.

#### Consolidated income statement

(\$'000)	-----Audited-----			-----Unaudited-----	
	FY2019	FY2020	FY2021	1H2021	1H2022
Revenue	5,614	6,623	7,529	3,912	4,187
(Loss) / Profit before income tax	(12,108) <sup>(1)</sup>	(32)	(2,218)	(791)	398
(Loss) / Profit after income tax	(12,180)	(112)	(2,196)	(782)	399
Net (loss) / profit for the year / period attributable to owners of the Company	(12,251)	98	(1,933)	(574)	465

#### **Note:**

- (1) The Group recorded exceptional items amounting to an aggregate of approximately S\$12.7 million which were in relation to (a) the loss on reverse acquisition due to the difference in purchase consideration and identifiable net liabilities of the Company as a result of the reverse take-over exercise which was completed on 23 May 2019 (the “2019 RTO”)<sup>1</sup>, and (b) the fees payable to the professionals involved in the 2019 RTO (including introducer fee). Both transactions were one-off transactions.

#### Consolidated statement of cash flows

(\$'000)	-----Audited-----			-----Unaudited-----	
	FY2019	FY2020	FY2021	1H2021	1H2022
Net cash (used in) / from operating activities	(1,244)	1,031	(460)	(1,226)	560
Net cash (used in) / from investing activities	(4,954)	482	(613)	(459)	526
Net cash from / (used in) financing activities	6,804	(763)	1,545	806	(1,040)
Net increase in cash and cash equivalents	607	750	472	(879)	46

<sup>1</sup> Jason Holdings Limited had completed the acquisition of the entire issued shares of Revez Group Pte. Ltd. (which constitutes as a reverse takeover) on 23 May 2019, and the name of the Company was subsequently changed from “Jason Holdings Limited” to “Revez Corporation Ltd.”.

## APPENDIX A – IFA LETTER

(\$S'000)	-----Audited-----			-----Unaudited-----	
	FY2019	FY2020	FY2021	1H2021	1H2022
Cash and cash equivalents at end of year / period	2,095	2,845	3,317	1,966	3,363

*Source: Audited consolidated financial statements for FY2020 and FY2021 and unaudited condensed interim financial statements for 1H2022 of the Group*

### **Consolidated statement of comprehensive income**

#### *FY2019 vs FY2020*

The Group's revenue increased by approximately S\$1.0 million or 18.0% from approximately \$5.6 million in FY2019 to S\$6.6 million in FY2020, mainly due to (a) revenue growth in the information technology solutions (the "**IT Solutions**") business segment following the expansion into industrial automation during the financial year, and (b) the acquisition of PGK Networks Pte. Ltd. ("**PGK**") in October 2020, which was offset by the decrease in revenue from the meetings, incentive, conference and exhibition ("**MICE**") business segment as a result of the 2019 Novel Coronavirus ("**COVID-19**") outbreak since early FY2020.

The Group's loss before income tax decreased by approximately 99.7% from approximately S\$12.1 million in FY2019 to approximately S\$32,000 in FY2020, mainly due to exceptional items in relation to (a) the loss on reverse acquisition due to the difference in purchase consideration and identifiable net liabilities of the Company as a result of the 2019 RTO, and (b) fees payable to the professionals involved in the 2019 RTO (including the introducer fee) (collectively, the "**Exceptional Items**"). Excluding the Exceptional Items in FY2019, the Group would have recorded a profit before income tax of approximately S\$0.6 million in FY2019 *vis-à-vis* a loss before income tax of approximately S\$0.03 million in FY2020.

Excluding the Exceptional Items in FY2019, the Group's loss before income tax in FY2020 was mainly due to an increase in (a) material costs and changes in inventories, (b) salaries and employees' benefits, (c) depreciation of property, plant and equipment and investment property, and (d) other operating expenses primarily due to SGX-ST listing-related fees, continuing sponsorship fees and other professional fees as a result of the 2019 RTO, which was partially offset by an increase in (i) revenue, (ii) other income primarily due to the government support relief measures for business impacted by COVID-19 pandemic and other government grants received as well as a fair value gain on contingent consideration recognised due to the acquisition of PGK, and (iii) reversal of impairment loss of trade receivables and contract assets.

As a result of the above and taking into account the income tax expenses, the Group recorded a net profit attributable to the owners of the Company of approximately S\$0.1 million in FY2020 *vis-à-vis* a net loss attributable to the owners of the Company (taking into account the Exceptional Items) of approximately S\$12.3 million in FY2019.

#### *FY2020 vs FY2021*

The Group's revenue increased by approximately S\$0.9 million or 13.7% from S\$6.6 million in FY2020 to S\$7.5 million in FY2021, mainly due to higher revenue contribution from PGK which was offset by the decrease in revenue from the IT Solutions business segment and MICE business segment.

The Group's loss before income tax increased by approximately S\$2.2 million or 6,831.3% from approximately S\$32,000 in FY2020 to approximately S\$2.2 million in FY2021, mainly due to an increase (a) in salaries and employees' benefits, (b) depreciation of property, plant and equipment and investment property, (c) impairment of goodwill as a result of the estimated recoverable amount of digital media networks cash-generating unit being lower than its carrying amount, (d) amortisation of intangible assets, (e) impairment loss on trade receivables and contract assets and (f) other operating expenses as well as a decrease in other income primarily due to lesser government grant received (which was partially offset by a higher fair value gain on contingent consideration), which was partially offset by a decrease in material costs and

---

## APPENDIX A – IFA LETTER

---

changes in inventories as a result of lower revenue contribution from the IT Solutions business segment and MICE business segment.

As a result of the above and taking into account income tax expenses, the Group recognised a net profit attributable to owners of the Company of approximately S\$0.1 million in FY2020 *vis-a-vis* a net loss attributable to owners of the Company of approximately S\$1.9 million in FY2021.

### *1H2021 vs 1H2022*

The Group's revenue increased by approximately S\$0.3 million or 7% from S\$3.9 million in 1H2021 to approximately S\$4.2 million in 1H2022, due to higher revenue from the IT Solutions business segment and digital media networks (the "**Digital Media Networks**") business segment.

The Group recorded a loss before income tax of approximately S\$0.8 million in 1H2021 *vis-a-vis* a profit before income tax of approximately S\$0.4 million in 1H2022, mainly due to (a) an increase in other income primarily due to gain on disposal of investment property, (b) a decrease in salaries and employees' benefits, and (c) the absence of fair value loss on contingent consideration payable, which was partially offset by an increase in (i) material costs and changes in inventories, (ii) depreciation of property, plant and equipment and investment property, and (iii) other operating costs as a result of an increase in revenue.

As a result of the above and taking into account the income tax expenses, the Group recorded a net loss attributable to owners of the Company of approximately S\$0.6 million in 1H2021 *vis-a-vis* a net profit attributable to owners of the Company of approximately S\$0.5 million in 1H2022.

### **Consolidated statement of cash flows**

The Group recorded (a) net cash from operating activities of approximately S\$1.0 million and S\$0.6 million in FY2020 and 1H2022 respectively, and net cash used in operating activities of approximately S\$1.2 million, S\$0.5 million and S\$1.2 million in FY2019, FY2021 and 1H2021 respectively.

### *FY2021*

In respect of FY2021, the Group recorded net cash used in operating activities of approximately S\$0.5 million due to negative operating cash flows before working capital changes of approximately S\$0.5 million, an increase in inventories and trade and other payables of approximately S\$0.05 million and S\$0.6 million respectively and income tax paid of approximately S\$0.2 million, which was offset by a decrease in trade and other receivables, contract assets and contract liabilities of approximately S\$0.5 million, S\$0.2 million and S\$0.2 million respectively.

The Group recorded net cash used in investing activities of approximately S\$0.6 million mainly due to the purchase of property, plant and equipment of approximately S\$2.4 million, which was offset by a decrease in bank deposits with maturity period of more than 3 months of approximately S\$1.9 million. The Group recorded net cash generated from financing activities of approximately S\$1.5 million mainly due to proceeds from bank borrowings of approximately S\$2.0 million, which was offset by the principal payment of lease liabilities of approximately S\$0.3 million.

Taking into account the cash and cash equivalents at the beginning of FY2021 of approximately S\$2.8 million and the net increase in cash and cash equivalents of approximately S\$0.5 million, the Group's cash and cash equivalents amounted to approximately S\$3.3 million as at 31 December 2021.

### *1H2022*

In respect of 1H2022, the Group recorded net cash generated from operating activities of approximately S\$0.6 million mainly due to operating cash flows before working capital changes

## APPENDIX A – IFA LETTER

of approximately S\$0.5 million, an increase in trade and other payables and contract liabilities of approximately S\$0.4 million and S\$0.1 million respectively and a decrease in contract assets of approximately S\$0.2 million, which was offset by an increase in trade and other receivables of approximately S\$0.6 million.

The Group recorded net cash generated from investing activities of approximately S\$0.5 million due to the proceeds received from the disposal of investment property of approximately S\$1.1 million, which was offset by the purchase of property, plant and equipment of approximately S\$0.6 million. The Group recorded net cash used in financing activities of approximately S\$1.0 million mainly due to repayment of bank borrowings and principal payment of lease liabilities of approximately S\$0.9 million and S\$0.2 million respectively.

Taking into account (a) the cash and cash equivalents at the beginning of 1H2022 of approximately S\$3.3 million, and (b) the net increase in cash and cash equivalents of approximately S\$0.1 million, the Group's cash and cash equivalents as at 30 June 2022 amounted to approximately S\$3.4 million.

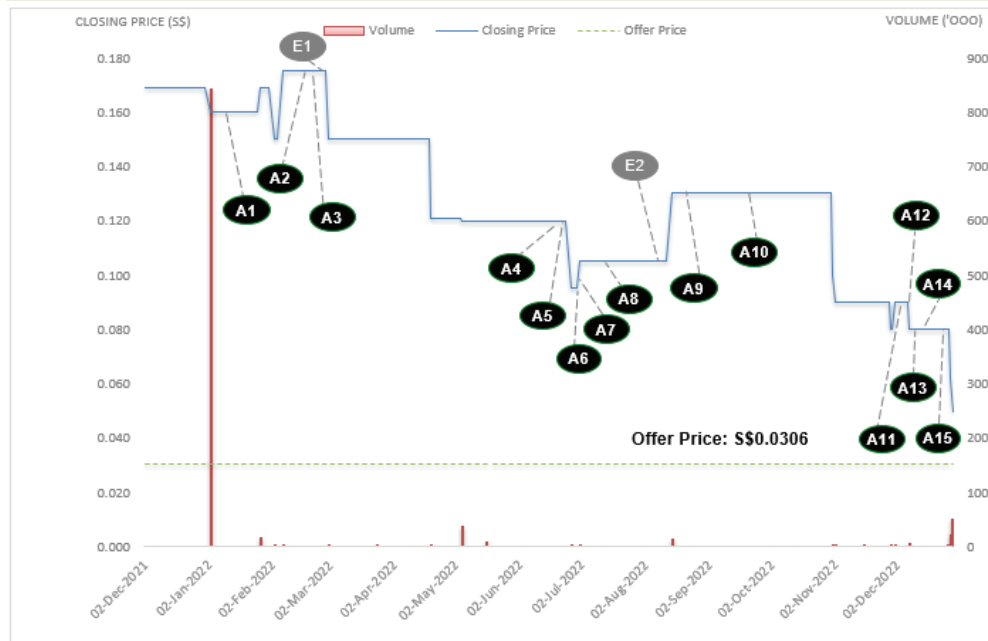
### 7.2 Historical Market Price Performance and Trading Activity of the Shares

**We note that the Offer Price is lower than the closing prices of the Company during the period between the resumption of trading of Shares on 10 June 2019 following the completion of the 2019 RTO on 23 May 2019, and up to the Latest Practicable Date.**

We have compared the Offer Price to the daily closing prices of the Shares for (a) the one-year period between 2 December 2021 and 1 December 2022 (the “**Last Trading Day**”), being the last traded market day immediately prior to the Offer Announcement on 7 December 2022; and (b) the period after the Offer Announcement and up to the Latest Practicable Date. We have also marked certain dates in the aforesaid one-year period where significant events occurred.

The daily closing prices and daily trading volumes of the Shares for the one-year period prior to and including the Last Trading Day, and up to the Latest Practicable Date are set out below:

**Daily closing prices and daily trading volumes of the Shares for the one-year period prior to and including the Last Trading Day, and up to the Latest Practicable Date**



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

---

## APPENDIX A – IFA LETTER

---

### Earnings announcements:

- E1. 27 February 2022:** The Company announced its unaudited condensed financial statements for FY2021, in which the Company had recorded a net loss attributable to the owners of the Company of approximately S\$1.9 million in FY2021 *vis-à-vis* a net profit attributable to the owners of the Company of approximately S\$0.1 million in FY2020.
- E2. 10 August 2022:** The Company announced its unaudited condensed interim financial statements for 1H2022, in which the Company recorded a net profit attributable to the owners of the Company of approximately S\$0.5 million in 1H2022 *vis-à-vis* a net loss attributable to the owners of the Company of approximately S\$0.6 million for 1H2021.

### Other significant announcements:

- A1. 13 January 2022:** The Company announced that a capital reduction exercise had been carried out by its subsidiary, AIAC Pte. Ltd. (“**AIAC**”), and the capital reduction exercise was being made to return to its shareholder the surplus cash that was in excess of that required by AIAC for its operations, of which was also approved by the shareholder of AIAC on 13 August 2021.
- A2. 18 February 2022:** The Company announced the cessation of the Group’s chief creative technology officer, Lee Han Chong, following the internal restructuring exercise who remains as the chief creative technology officer of REVEZ Motion Pte Ltd (“**REVEZ Motion**”).
- A3. 23 February 2022:** The Company announced the completion of the disposal of a property that was held by its wholly-owned subsidiary, REVEZ Motion.
- A4. 20 June 2022:** The Company announced that the Company has appointed UOB Kay Hian Private Limited as its continuing sponsor with effect from 30 June 2022, in place of Hong Leong Finance Limited.
- A5. 22 June 2022:** The Company announced that its wholly-owned subsidiary, PGK, had been notified by its service provider, EMS Services Pte Ltd. (“**EMS**”) for the payment of an outstanding amount of S\$326,432.63 for the services rendered by EMS by 21 June 2022, failing which it would execute its legal rights to claim all outstanding payment, interests and legal fees incurred. Subsequently, the Company had on 30 June 2022 announced that PGK had received a demand from EMS for a payment of S\$469,473.44 to be made by 6 July 2022. On 17 July 2022, the Company announced that PGK had received a statutory demand dated 15 July 2022 (the “**Statutory Demand**”) from EMS for the payment of S\$487,706.24 (the “**Final Amount**”). The Final Amount was the aggregate of the amount of S\$469,473.44 as demanded in the letter dated 30 June 2022 and an additional amount of S\$18,232.80 in relation to an additional invoice issued and unpaid in June 2022. The Company subsequently announced that the payment of the Final Amount had been made to EMS on 28 July 2022 and 16 August 2022 respectively.
- A6. 30 June 2022:** The Company announced that the Company had entered into a memorandum of understanding with Advanced Info Services Public Company Limited (“**AIS**”) for a strategic collaboration in its metaverse expertise and AIS telecommunication network.
- A7. 1 July 2022:** The Company announced that it had entered into a shares transfer agreement with Tan Keng Siang, a minority shareholder of AIAC, for the disposal of its 55% shareholdings in AIAC for an aggregate cash consideration of S\$200,000 (the “**AIAC Disposal**”). The completion of the AIAC Disposal was finalised on 4 July 2022. Following the AIAC Disposal, AIAC ceased to be a subsidiary of the Company.
- A8. 15 July 2022:** The Company announced the resignation of the financial controller, Leo Deng Hao.
- A9. 23 August 2022:** The Company provided an update to shareholders that following the Statutory Demand, the directors whom the Company had nominated to the board of PGK (the “**PGK Nominated Directors**”) had taken steps to conduct an internal review of the management, operations and financial status of PGK (the “**Internal Review**”). During the course of the Internal Review, the Company announced that it had received a letter of demand dated 18 August 2022 from solicitors acting for Mr Giulio Dorrucchi (“**Mr Dorrucchi**”), alleging, among others, that the Company had, together with the PGK Nominated Directors, interfered with PGK’s ability to achieve the profit milestones as set out in the conditional binding term sheet entered into between the Company and Mr Dorrucchi on 30 September 2020 (the “**Term Sheet**”) and that the Company had attempted to cause injury, damage, and loss to PGK and Mr Dorrucchi. Subsequently, the Company had on 10 November 2022 announced that the Internal Review was ongoing, and that Mr Dorrucchi had through a letter to PGK, alleged that, *inter alia*, he had been constructively dismissed by PGK from his role as chief executive officer with his last day of employment on 8 November 2022, and that the PGK Nominated Directors had deliberately and systematically undermined his position as the chief executive officer of PGK making it impossible for him to properly fulfil his role and duties.
- A10. 21 September 2022:** The Company announced that a memorandum of understanding was entered into between REVEZ Motion and Stellar Lifestyle Pte Ltd, to explore the advancement of nextGEN Digital Interactive Media in Singapore.
- A11. 4 December 2022:** The Company, in response to the letter of demand dated 18 August 2022, had (through its solicitors) issued a letter of demand dated 18 November 2022 (the “**Response to First Letter of Demand**”) to Mr Dorrucchi reiterating that, *inter alia*, Mr Dorrucchi had breached the fundamental terms in the Term Sheet and demanded that he agrees to certain terms. In relation to the Response to First Letter of Demand, Mr Dorrucchi, through his solicitors, had responded and denied all claims made by the Company and issued a

## APPENDIX A – IFA LETTER

letter of demand dated 2 December 2022 to the Company and the PGK Nominated Directors and, *inter alia*, demanded compensation for all his alleged losses and damages from the Company and/or the PGK Nominated Directors. Subsequently, the Company had on 11 December 2022 announced that Mr Dorrucchi had commenced an Originating Claim No. 453 of 2022 in the High Court of Singapore, against PGK, the Company and the PGK Nominated Directors.

- A12. 7 December 2022:** The Company announced the Acquisition. As a consequence of the Acquisition, the Offer was announced by the Company on the same day.
- A13. 11 December 2022:** The Company announced the appointment of Jennifer Zhang Dan as the Group Financial Controller.
- A14. 14 December 2022:** The Company announced the appointment of the independent financial adviser to the Recommending Directors in respect of the Offer.
- A15. 23 December 2022:** The Company announced the electronic despatch of the Offer Document, together with the accompanying FAA and FAT, to the Shareholders.

### *One-year period prior to and including the Last Trading Day*

We observe that the trading in the Shares had been sporadic during the one-year period prior to and including the Last Trading Day, of which the Shares were traded on only 17 Market Days (excluding any off-market transactions) out of the total 248 Market Days during this period.

During the one-year period prior to and including the Last Trading Day, the Shares were traded at the closing prices which ranged between a low of S\$0.0800 (on 29 November 2022) and a high of S\$0.1750 (on 7 February 2022). Accordingly, the Offer Price of S\$0.0306 is lower than the closing prices of the Shares during this period.

The trading volume of the Shares for the one-year period prior to and up to the Last Trading Day had been significantly low and save for 3 January 2022 where the trading volume of the Shares were at a high of 842,500 Shares, the daily volume of the Shares traded during the 17 Market Days ranged between a low of 100 Shares and a high of 37,000 Shares.

### *Period after the Offer Announcement and up to the Latest Practicable Date*

We observe that the trading in the Shares was on 4 Market Day(s) (excluding any off-market transactions) out of the total 15 Market Days for the period after the Offer Announcement and up to the Latest Practicable Date. During the period after the Offer Announcement and up to the Latest Practicable Date, the closing prices of the Shares ranged between a low of S\$0.0500 (on 29 December 2022) and a high of S\$0.0800 (on 8 and 27 December 2022). Accordingly, the Offer Price of S\$0.0306 is lower than the closing prices of the Shares during this period.

We set out below the discount implied by the Offer Price to the historical volume-weighted average prices (“**VWAPs**”) and historical trading volumes of the Shares for (a) the one-year period prior to and including the Last Trading Day; and (b) the period after the Offer Announcement and up to the Latest Practicable Date:

Discount implied by the Offer Price to VWAP <sup>(1)</sup>						
	VWAP <sup>(1)</sup> (S\$)	Discount of Offer Price to VWAP (%)	Highest closing price (S\$)	Lowest closing price (S\$)	Average daily trading volume (“ADTV”) <sup>(2)</sup>	ADTV as a percentage of free float <sup>(3)</sup> (%)
<b>Periods prior to and including the Last Trading Day</b>						
One-year	0.1493	(79.5)	0.1750	0.0800	3,752	0.01
6-month	0.1010	(69.7)	0.1300	0.0800	203	NM <sup>(4)</sup>
3-month	0.0927	(67.0)	0.1000	0.0800	134	NM <sup>(4)</sup>
One-month	0.0889	(65.6)	0.0900	0.0800	254	NM <sup>(4)</sup>
Last Trading Day	0.090 <sup>(5)</sup>	(66.0)	0.090 <sup>(5)</sup>	0.090 <sup>(5)</sup>	4,200	0.01

## APPENDIX A – IFA LETTER

Discount implied by the Offer Price to VWAP <sup>(1)</sup>						
	VWAP <sup>(1)</sup> (S\$)	Discount of Offer Price to VWAP (%)	Highest closing price (S\$)	Lowest closing price (S\$)	Average daily trading volume ("ADTV") <sup>(2)</sup>	ADTV as a percentage of free float <sup>(3)</sup> (%)
<b>Period after the Offer Announcement and up to the Latest Practicable Date</b>						
After the Offer Announcement and up to the Latest Practicable Date	0.0595	(48.6)	0.0800	0.0500	5,420	0.02
Latest Practicable Date	0.050 <sup>(6)</sup>	(38.8)	0.050 <sup>(6)</sup>	0.050 <sup>(6)</sup>	51,100	0.14

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

**Notes:**

- (1) The VWAPs have been computed based on the aggregate turnover value of the Shares and aggregate traded volumes of the Shares (excluding off-market transactions and the Shares acquired by the Joint Offerors pursuant to the Acquisition) for the relevant trading days for each of the above periods.
- (2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded (excluding off-market transactions and the Shares acquired by the Joint Offerors pursuant to the Acquisition) for each of the above periods divided by the number of Market Days during those periods.
- (3) Free float refers to the Shares other than those held by the Directors, the substantial Shareholders and their associates, and amounts to approximately 35.6 million Shares, representing approximately 21.2% of the issued Shares as at the Latest Practicable Date.
- (4) Denotes not meaningful as the ADTV as a percentage of free float is less than 0.01%.
- (5) Refers to the closing price of the Shares on the Last Trading Day
- (6) Refers to the closing price of the Shares on the Latest Practicable Date.

We note the following:

Periods prior to and including the Last Trading Day

- (a) the daily closing prices of the Shares over the one-year period prior to and including the Last Trading Day were between a low of S\$0.0800 (on 29 November 2022) and a high of S\$0.1750 (on 7 February 2022), and the Offer Price represents a significant discount of approximately 79.5%, 69.7%, 67.0% and 65.6% to the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively;
- (b) the Offer Price represents a significant discount of approximately 66.0% to the closing price of the Shares of S\$0.090 on the Last Trading Day;
- (c) the average daily trading volumes of the Shares were low at 3,752 Shares, 203 Shares, 134 Shares and 254 Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively;
- (d) the average daily trading volume of the Shares as a percentage of free float was (i) less than 0.01% for each of the 6-month, 3-month and one-month periods prior to and including the Last Trading Day, and (ii) approximately 0.01% for the one-year period prior to and including the Last Trading Day.

---

## APPENDIX A – IFA LETTER

---

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

- (e) the Offer represents a significant discount of approximately (i) 48.6% to the VWAP of the Shares of S\$0.0595 for the period after the Offer Announcement and up to the Latest Practicable Date, and (ii) 38.8% to the closing price of the Shares of S\$0.050 on the Latest Practicable Date; and
- (f) the average daily trading volume of the Shares as a percentage of free float was approximately 5,420 Shares, representing approximately 0.02% of free float during the period after the Offer Announcement and up to the Latest Practicable Date.

It should be noted that due to the low trading liquidity of the Shares, the closing prices of the Shares may not reflect the fundamental value of the Shares. Shareholders should also note that there is no assurance that the market prices of the Shares would remain at the current prevailing level after the close of the Offer, and that the past trading performance of the Shares is not in any way reflective of its future trading performance.

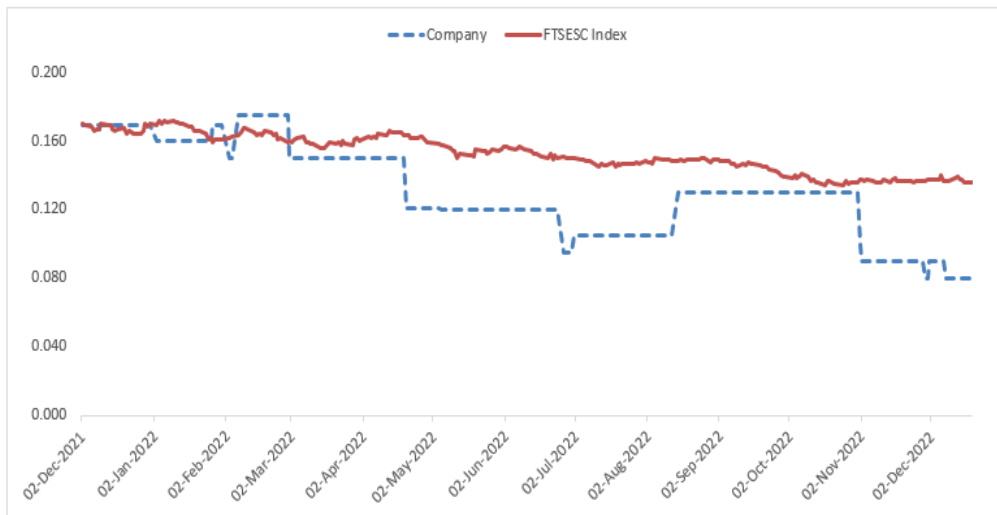
We wish to highlight that the market valuation of shares of a company traded on a securities exchange may be affected by, *inter alia*, the corporate activities of the company, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the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

### 7.3 Historical Share Price Performance Relative to Market Index

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market, we have compared the market price movements of the Shares against the FTSE ST Small Cap Index (the “**FTSESC Index**”), which is a market capitalisation-weighted index that tracks the performance of companies listed on the SGX-ST that are within the top 98% (by market capitalisation), save for those included in the Straits Times Index and the FTSE ST Mid Cap Index.

The relative market price performance of the Shares *vis-à-vis* the FTSESC Index for the period commencing one-year prior to and including the Last Trading Day, and ending on the Latest Practicable Date is illustrated below:

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



Source: Thomson Reuters Eikon

## APPENDIX A – IFA LETTER

We also set out in the table below the movements in the closing prices of the Shares and the FTSESC Index between the Last Trading Day and the Latest Practicable Date:

	As at Last Trading Day (S\$)	As at Latest Practicable Date (S\$)	Percentage Change (%)
Shares (S\$)	0.09	0.05	(44.4)
FTSESC Index	268.31	259.83	(3.2)

*Source: Thomson Reuters Eikon*

Based on the above, we note the following:

- (a) the Shares had generally underperformed the FTSESC Index during the one-year period prior to and including the Last Trading Day and up to the Latest Practicable Date; and
- (b) the closing price of the Shares had decreased by approximately 44.4% while the FTSESC Index had decreased by approximately 3.2% between the Last Trading Day and the Latest Practicable Date.

### 7.4 NAV of the Group

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

Shareholders should nonetheless note that an analysis based on the NAV of the Group provides only an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market values of the assets and liabilities may vary depending on prevailing market and economic conditions.

A summary of the unaudited financial position of the Group as at 30 June 2022 is set out below:

	Unaudited As at 30 June 2022 (S\$'000)
<u>Non-current assets</u>	
Property, plant and equipment	3,557
Goodwill	1,667
Intangible assets	427
<b>Total non-current assets</b>	<b>5,651</b>
<u>Current assets</u>	
Trade and other receivables	2,148
Contract assets	9
Inventories	30
Cash and cash equivalents	3,363
<b>Total current assets</b>	<b>5,550</b>
<b>Total assets</b>	<b>11,201</b>

## APPENDIX A – IFA LETTER

	<b>Unaudited As at 30 June 2022 (S\$'000)</b>
<b>Current liabilities</b>	
Trade and other payables	2,297
Contract liabilities	452
Loans and borrowings	764
<b>Total current liabilities</b>	<b>3,513</b>
<b>Non-current liabilities</b>	
Loans and borrowings	1,387
Deferred tax liabilities	73
<b>Total non-current liabilities</b>	<b>1,460</b>
<b>Total liabilities</b>	<b>4,973</b>
<b>Equity</b>	
Share capital	18,713
Merger reserve	138
Accumulated losses	(12,697)
<b>Equity attributable to owners of the Company</b>	<b>6,154</b>
Non-controlling interests	74
<b>Total equity</b>	<b>6,228</b>
<b>Total equity and liabilities</b>	<b>11,201</b>
<b>Number of issued Shares as at 30 June 2022</b>	<b>167,499,937</b>
<b>NAV per Share (S\$)</b>	<b>0.0367</b>
<b>Discount of the Offer Price to the NAV per Share</b>	<b>(16.6)%</b>
<b>Price-to-NAV (“P/NAV”) ratio as implied by the Offer Price (times)</b>	<b>0.83</b>

*Source: The Group's unaudited condensed interim financial statements for 1H2022*

As at 30 June 2022, the unaudited NAV of the Group amounted to approximately S\$6.2 million or S\$0.0367 per Share (based on 167,499,937 issued Shares). We note that the Offer Price represents a discount of approximately 16.6% to the unaudited NAV per Share of the Group as at 30 June 2022, and would value the Group at a P/NAV ratio (as implied by the Offer Price) of 0.83 times.

Details of certain assets of the Group are as follows:

### *Property, plant and equipment*

Property, plant and equipment comprises (a) office properties, (b) computers, (c) furniture and fittings, (d) motor vehicles, (e) office equipment, (f) renovation, and (g) media equipment, and in aggregate accounted for approximately 31.8% of the Group's total assets as at 30 June 2022. The property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

We understand from the Management that the media equipment, which are predominately used for the Digital Media Networks business segment, constituted the main bulk of the total property, plant and equipment and the Company intends to retain the media equipment for its existing operations and does not have any current plans for an imminent material disposal and/or

---

## APPENDIX A – IFA LETTER

---

conversion of the use of such assets. We also understand from the Management that the office properties are leased for the Group's business operations, and the Company does not have any current plans to change the use of its' office properties. In addition, we note that the Group is prohibited from selling or sub-leasing the office properties.

### *Goodwill*

Goodwill, which arises from the acquisition of PGK in FY2020, is allocated entirely to the digital media networks cash-generating unit under the Digital Media Networks business segment, and accounted for approximately 14.9% of the Group's total assets as at 30 June 2022. Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired.

### *Intangible assets*

Intangible assets comprise (a) customer relationships and (b) software systems, which arise from the acquisition of PGK in FY2020, and accounted for approximately 3.8% of the Group's total assets as at 30 June 2022. The intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, and assessment is done for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least once at each financial year-end.

To the best of their knowledge and belief as at the Latest Practicable Date, the Directors are not aware that material provisions on the goodwill and intangible assets are required.

### Post-balance sheet events

In our evaluation of the financial terms of the Offer, we have considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 30 June 2022 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group or announced by the Company that are likely to impact the NAV of the Group as at 30 June 2022. Based on publicly available information and as discussed with the Management<sup>2</sup>, we note the following:

#### *Disposal of AIAC Pte. Ltd.*

On 4 July 2022, the Company announced that it had completed the disposal of its 55.0% owned subsidiary, AIAC Pte. Ltd. to Tan Keng Siong for a cash consideration of S\$200,000 and had recognised a gain of S\$34,147 from such disposal. As the gain does not have a material impact to the NAV of the Group as at 30 June 2022, we have not made any adjustment to the NAV of the Group.

#### *Letter of demand from Mr Dorrucci*

As announced by the Company on 30 September 2020, the Company had acquired 100% equity interest in PGK from Mr Dorrucci, the former chief executive officer of PGK, for a consideration of S\$4.0 million which would be paid to him in a combination of an upfront cash payment of S\$2.4 million and the remaining balance of S\$1.6 million to be paid with new Shares to be issued in tranches upon achieving certain net profit before tax in FY2021, FY2022 and FY2023 (the "**Agreed Termsheet NPAT**"), as set out in the Term Sheet entered into between the Company and Mr Dorrucci on 30 September 2020.

In or around late June 2022, the PGK Nominated Directors began conducting an internal review of PGK's management, operations and financial status which included reaching out to, and seeking assistance, from Mr Dorrucci for information relating to the operations and finances of

---

<sup>2</sup> On 16 August 2022, the Company announced that it had made the full payment sum of approximately S\$0.5 million to EMS, a service provider of PGK, on 28 July 2022 and 16 August 2022 pursuant to the Statutory Demand. Further details of the Statutory Demand are set out in paragraph 7.2 of this letter. No adjustment is required to be made to the NAV of the Group as at 30 June 2022 as we understand from the Management that such amount had already been recorded in the unaudited interim condensed financial statements for 1H2022.

---

## APPENDIX A – IFA LETTER

---

PGK. Subsequently, the Company received letters of demand dated 18 August 2022 (the “**First Letter of Demand**”) and 2 December 2022 (the “**Second Letter of Demand**”) from the solicitors of Mr Dorrucchi. Mr Dorrucchi had in the First Letter of Demand alleged that the Company had, through the PGK Nominated Directors, interfered with PGK’s ability to achieve the Agreed Termsheet NPAT, and that the Company had attempted to cause injury, damages and loss to PGK and Mr Dorrucchi. Mr Dorrucchi had thus demanded that the Company, *inter alia*, issue the new Shares and pay certain bonuses to him. In the Second Letter of Demand, Mr Dorrucchi maintained his allegations against the Company, and contended, *inter alia*, that the Company and the PGK Nominated Directors had induced PGK to breach his employment agreement and had also conspired to cause loss to him. The Company had also, through its solicitors, issued a letter of demand to Mr Dorrucchi on 18 November 2022 seeking for, *inter alia*, an indemnification to the Company for all its loss, injury and/or damages suffered as a result of Mr Dorrucchi’s breaches of the Term Sheet.

On 11 December 2022, the Company announced that Mr Dorrucchi had commenced an Originating Claim No. 453 of 2022 (“**HC/OC 453/2022**”) in the High Court of Singapore, against PGK, the Company, and as well as the PGK Nominated Directors. Further details of HC/OC 453/2022 are found in the announcement made by the Company on 11 December 2022, and section 7 of Appendix B to the Circular.

As set out in section 7 of Appendix B to the Circular, we note that the Company and the PGK Nominated Directors categorically denied Mr Dorrucchi’s allegations. The Company has also obtained legal advice from its solicitors and considers Mr Dorrucchi’s allegations to be wholly without merit. The Company will vigorously defend against Mr Dorrucchi’s claims in HC/OC 453/2022. The Company is also of the view that the legal proceedings commenced by Mr Dorrucchi in HC/OC 453/2022 will not affect the continued business operations of the Group and in the event any payment(s) are made by PGK and/or the Company pursuant to any court order or settlement relating to this matter, such payment(s) are not expected to materially impact the financial position of the Group.

We further understand from the Management that there is no certainty on whether the claims will materialise, and there is also no assurance that any receipt or payment of claims (as the case may be) will be recorded by the Group. In this regard, we have not made any adjustment to the NAV of the Group.

As at the Latest Practicable Date, save as disclosed above and in the Circular as well as information on the Group which is publicly available (including, without limitation, the Company’s announcements on the SGXNet) and to the best of their knowledge and belief, the Directors have confirmed the following:

- (a) there are no material differences between the realisable values of the Group’s assets and their respective book values as at the Latest Practicable Date which would have a material impact on the NAV of the Group as at 30 June 2022;
- (b) there are no contingent liabilities, bad or doubtful debts or impairment losses as at the Latest Practicable Date which would likely have a material impact on the NAV of the Group as at 30 June 2022;
- (c) there are no litigation, claim or proceedings pending or threatened against the Company or the Group or likely to give rise to any proceedings as at the Latest Practicable Date which might materially and adversely affect the financial position of the Group as at 30 June 2022;
- (d) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been so disclosed, that would have had a material impact on the overall financial position of the Group as at 30 June 2022;
- (e) there are no material acquisitions or disposals of assets by the Group between 30 June 2022 and the Latest Practicable Date, and the Group does not have any plans for any

---

## APPENDIX A – IFA LETTER

---

such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business; and

- (f) they are not aware of any circumstances which may cause the unaudited NAV as at the Latest Practicable Date to be materially different from that recorded in the unaudited balance sheet of the Group as at 30 June 2022.

Nevertheless, as set out in section 8.2 of the Offer Document, there is currently no intention to (a) introduce any major changes to the existing businesses of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. However, the Joint Offerors will, on close of the Offer, review their strategic options in relation to the existing businesses of the Group to release the value of the existing businesses, and consider possible acquisitions, disposals, joint ventures, business partnerships and business model transformation opportunities which are in the interests of the Group. This includes, among others, seeking approval from the Shareholders of the Group to diversify its businesses. Pending the outcome of such review and subject thereto, the Joint Offerors may make changes to the operations and businesses of the Group. Accordingly, the Joint Offerors retain the flexibility to explore options or opportunities which may present themselves and to consider any options with respect to making any major changes to the businesses of the Group (including redeployment of fixed assets of the Group) and with respect to the continued employment of the employees of the Group.

### **7.5 Valuation Ratios of Selected Listed Companies listed on the SGX-ST, Bursa Malaysia and the HKEx which Principal Business Activities are Broadly Comparable to those of the Group**

The Group is a creativeTech service provider which is principally engaged in (a) the design and development of integrated suite of solutions from Meta experience and information technology, and (b) creating and implementing of digital media solutions and media networks.

As discussed with the Management to the best of their knowledge and belief, we understand that companies having similar principal business activities and scale of business operations as the Group are generally unlisted. Notwithstanding, solely for illustrative purposes, we have made reference to the valuation ratios of selected companies listed on regional securities exchanges in Asia with market capitalisations of up to S\$60 million (or its equivalent in foreign currency) and which are principally engaged in (i) the information technology services and consulting related business (the “**IT Solutions Comparable Companies**”), and (ii) the media and/or digital advertising related business (the “**Digital Media Comparable Companies**”, and together with the IT Solutions Comparable Companies, collectively, the “**Comparable Companies**”) as broad proxies to the Group to obtain an indication of the current market expectations with regard to the perceived valuation of the Group.

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

## APPENDIX A – IFA LETTER

A brief description of the Comparable Companies is as follows:

Company Name	Business Description	Country of Listing	Financial Year-end
<u>IT Solutions Comparable Companies</u>			
Mindtell Technology Limited (“ <b>Mindtell Technology</b> ”)	Mindtell Technology and its subsidiaries provide information technology services, and offer design, procurement, installation and maintenance of customised systems applications.	Hong Kong	30 November
Rexit Berhad (“ <b>Rexit</b> ”)	Rexit and its subsidiaries provide business application solutions, and the services range from conceptual development and project management, to overall systems implementation. Rexit has developed and owns software application solutions, such as insurance management, imaging and workflow systems and wireless radio frequency identification tracking systems.	Malaysia	30 June
Vividthree Holdings Ltd. (“ <b>Vividthree</b> ”)	Vividthree and its subsidiaries are immersive digital content production powerhouse specialising in virtual reality, visual effects and computer-generated imagery with strong network presence in Singapore, Malaysia and China.	Singapore	31 March
<u>Digital Media Comparable Companies</u>			
Asia Media Group Bhd (“ <b>Asia Media</b> ”)	Asia Media and its subsidiaries are engaged in advertising services and media communication. Asia Media offers infotainment and targeted advertising through the use of digital electronic displays installed in various outdoor premises, and the subsidiaries are engaged in the provision of advertising services, multimedia advertising services, media communications, commercialisation of narrowcasting network solutions, and dynamic, automation contents, and provision of integration, maintenance and support services.	Malaysia	31 March
Innity Corporation Bhd (“ <b>Innity Corporation</b> ”)	Innity Corporation and its subsidiaries provide data-driven, interactive online marketing solutions and technologies for advertisers and publishers. Innity Corporation provides a combination of the best	Malaysia	31 December

---

## APPENDIX A – IFA LETTER

---

Company Name	Business Description	Country of Listing	Financial Year-end
Kingsmen Creatives Ltd (“ <b>Kingsmen</b> ”)	<p>features of interactive rich media, data driven targeting, creative programmatic advertisements, ad-serving, innovative payment models and high quality user engagement to publishers and some of the world’s largest brand and advertising agencies.</p> <p>Kingsmen and its subsidiaries provide corporate marketing and other related services, and operates through 5 business segments: (a) exhibitions and museums segment which is engaged in the production of exhibition displays for trade shows and promotional events, interiors and displays for museums and visitor centers, as well as production of thematic and scenic displays for theme parks; (b) retail and corporate interiors segment which is engaged in providing interior fitting-out services to commercial and retail properties; (c) research and design segment which provides design works for upmarket specialty stores, departmental stores, eateries, museums, visitors’ centers, corporate offices, showrooms, trade shows, events, promotional functions and festivals; (d) alternative marketing segment which is engaged in event management, branding consultancy services and custom publishing; and (e) corporate and others segment which provides corporate services.</p>	Singapore	31 December
OOH Holdings Ltd (“ <b>OOH Holdings</b> ”)	OOH Holdings and its subsidiaries are primarily in the provision of out-of-home advertising spaces and services, with a focus in advertising on minibuses, hospitals, clinics and health and beauty retail stores, and also offers its customers design and production, advertisement logistics, installation and dismantling services.	Hong Kong	31 March

Source: Thomson Reuters Eikon, annual reports of the Comparable Companies

---

## APPENDIX A – IFA LETTER

---

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

Valuation ratio	Description
<p>Latest twelve-month (“LTM”) price-earnings (“LTM P/E”) ratio</p>	<p>The LTM P/E ratio illustrates the ratio of the market capitalisation of a company in relation to its historical consolidated full-year or LTM (as the case may be) net profit attributable to its shareholders. As such, it is affected by a company’s capital structure, tax position and accounting policies relating to depreciation and intangible assets.</p> <p>We have considered the LTM P/E ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest full-year or LTM (as the case may be) net profit attributable to shareholders.</p>
<p>Latest twelve-month enterprise value-to-earnings before interest, taxes, depreciation and amortisation (“LTM EV/EBITDA”) ratio</p>	<p>EV refers to enterprise value, which is the sum of a company’s market capitalisation, preferred equity, non-controlling interests, short-term and long-term debts less its cash and cash equivalents.</p> <p>LTM EBITDA refers to the historical consolidated full-year earnings or LTM (as the case may be) earnings before interest, taxes, depreciation and amortisation.</p> <p>The LTM EV/EBITDA ratio illustrates the ratio of the market value of a company’s business in relation to its historical pre-tax operating cash flow performance. The LTM EV/EBITDA ratio is an earnings-based valuation methodology. The difference between the LTM EV/EBITDA ratio and the LTM P/E ratio (described above) is that the former does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p> <p>We have considered the LTM EV/EBITDA ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date, latest-available balance sheet values and latest full-year or LTM (as the case may be) EBITDA.</p>
<p>P/NAV ratio</p>	<p>The P/NAV ratio refers to the ratio of the market capitalisation of a company in relation to its NAV. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p> <p>We have considered the P/NAV ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest-available NAV.</p>

## APPENDIX A – IFA LETTER

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

Comparable Company	Market Capitalisation (million)	LTM P/E (times)	LTM EV/EBITDA (times)	P/NAV (times)
<u>IT Solutions Comparable Companies</u>				
Mindtell Technology <sup>(1)</sup>	HKD23.4	N.M <sup>(2)</sup>	N.M <sup>(3)</sup>	1.18
Rexit	MYR126.4	14.20	7.20	2.69
Vividthree	S\$13.4	N.M <sup>(2)</sup>	N.M <sup>(3)</sup>	0.87
<b>Maximum</b>		14.20	7.20	2.69
<b>Minimum</b>		14.20	7.20	0.87
<b>Mean</b>		14.20	7.20	1.58
<b>Median</b>		14.20	7.20	1.18
<u>Digital Media Comparable Companies</u>				
Asia Media	MYR45.1	6.20	4.68	3.95
Innity Corporation	MYR57.9	43.11	4.39	1.47
Kingsmen	S\$53.5	45.98	1.96	0.50
OOH Holdings	HKD28.1	N.M <sup>(2)</sup>	2.88	0.61
<b>Maximum</b>		45.98	4.68	3.95
<b>Minimum</b>		6.20	1.96	0.50
<b>Mean</b>		31.76	3.48	1.63
<b>Median</b>		43.11	3.64	1.04
<b>Company (implied by the Offer Price)</b>		<b>N.M<sup>(3)</sup></b>	<b>24.46<sup>(4)</sup></b>	<b>0.83<sup>(5)</sup></b>

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

**Notes:**

- (1) Mindtell Technology had on 10 October 2022 announced its condensed consolidated statement of profit and other comprehensive income for the 9-month financial period ended 31 August 2022 ("**9-month Income Statement**"). As Mindtell Technology has announced the 9-month Income Statement without including the balance sheet as at 31 August 2022, the valuation ratios of Mindtell Technology in the table above are based on its announced unaudited consolidated financial statements for the 6-month period ended 31 May 2022 and the audited consolidated financial statements for the financial year ended 30 November 2021 (as the case may be).
- (2) Denotes not meaningful as the respective companies had recorded net loss attributable to owners of the Company during the latest 12-month period.
- (3) Denotes not meaningful as the respective companies had recorded negative EBITDA during the latest 12-month period.
- (4) We note that the Company had recorded an impairment of goodwill (the "**Goodwill Impairment**") of approximately S\$1.7 million in FY2021 and a gain on disposal of investment property (the "**Gain on Disposal**") of approximately S\$0.5 million in 1H2022. Solely for illustrative purposes, excluding the Goodwill Impairment and Gain on Disposal, the LTM P/E ratio and LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) would be 20.49 times and 3.05 times respectively.
- (5) Based on the NAV per Share of S\$0.0367 as at 30 June 2022.

---

## APPENDIX A – IFA LETTER

---

Based on the above, we note that:

- (a) the Company had recorded a net loss for the latest 12-month period, hence the LTM P/E ratio of the Company (as implied by the Offer Price) is not applicable. We also note that out of the 3 IT Solutions Comparable Companies, 2 of the IT Solutions Comparable Companies had recorded net losses for the latest 12-month period. Solely for illustrative purposes, the LTM P/E ratio of Rexit (being the only IT Solutions Comparable Company for comparison) is at 14.20 times.

In relation to the Digital Media Comparable Companies, the LTM P/E ratios of the Digital Media Comparable Companies ranged between 6.62 times and 45.98 times, with the mean and median LTM P/E ratios at 31.76 times and 43.11 times respectively;

- (b) we note that out of the 3 IT Solutions Comparable Companies, 2 of the IT Solutions Comparable Companies had recorded negative EBITDAs for the latest 12-month period. Accordingly, the comparison of the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) *vis-à-vis* those of the IT Solutions Comparable Companies would not be meaningful. Solely for illustrative purposes, the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) of 24.46 times is above the LTM P/E ratio of Rexit of 7.20 times.

In relation to the Digital Media Comparable Companies, the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) of 24.46 times is significantly above the range of the LTM EV/EBITDA ratios of the Digital Media Comparable Companies of between 1.96 times and 4.68 times, and is significantly above the mean and median LTM EV/EBITDA ratios of the Digital Media Comparable Companies of 3.48 times and 3.64 times respectively; and

- (c) the P/NAV ratio of the Company (as implied by the Offer Price) of 0.83 times is (i) below the range of P/NAV ratios of the IT Solutions Comparable Companies of between 0.87 times and 2.69 times, and is below the mean and median P/NAV ratios of the IT Solutions Comparable Companies of 1.58 times and 1.18 times respectively, and (ii) within the range of P/NAV ratios of the Digital Media Comparable Companies of between 0.50 times and 3.95 times, but is below the mean and median P/NAV ratios of the Digital Media Comparable Companies of 1.63 times and 1.04 times respectively.

## APPENDIX A – IFA LETTER

### 7.6 Selected Precedent Non-Privatisation Transactions on the SGX-ST

In view that the Offer was made in compliance with the Code and it is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST, we have compared the trading and valuation statistics of the Company (as implied by the Offer Price) *vis-à-vis* those in respect of recent non-privatisation take-over offers of companies listed on the SGX-ST (excluding real estate investment trusts and business trusts) which were announced between 1 January 2020 and the Offer Announcement Date and completed as at the Latest Practicable Date, where the offeror had indicated its intention to preserve the listing status of the target companies (the “Non-Privatisation Transactions”) as follows:

Premium/(discount) of offer price over/(to) <sup>(1)</sup>									
Company name	Announcement date	Offer price (\$)	Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price to NTA/NAV (times)	Opinion of the independent financial adviser	
TEE Land Limited (currently known as Amcorp Global Limited) <sup>(2)</sup>	13 January 2020	0.1790	5.9	12.1	19.6	20.4	0.63 <sup>(3)</sup>	Accept - Fair and reasonable	
Darco Water Technologies Limited	5 May 2020	0.1700	30.8	33.3	30.6	(15.9)	0.44 <sup>(4)</sup>	Reject - Not fair and not reasonable	
Axington Inc.	1 June 2020	0.2080	43.4	40.1	41.3	78.6	1.27 <sup>(5)</sup>	Accept - Fair and reasonable	
TEE International Limited	7 July 2020	0.0338	12.7	13.8	26.6	(9.9)	0.95 <sup>(4)</sup>	Accept - Fair and reasonable	
Blumont Group Ltd.(currently known as Southern Archipelago Ltd.)	16 November 2020	0.0004	(80.0)	(79.4)	(80.6)	(80.0)	1.13 <sup>(3)</sup>	Reject- Not fair and not reasonable	
Lum Chang Holdings Limited	17 November 2020	0.3800	8.6	8.6	8.7	8.8	0.52 <sup>(3)</sup>	Reject - Not fair and not reasonable	
Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (currently known as Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited) <sup>(6)</sup>	20 December 2020	US0.8940	(4.9)	(0.7)	5.4	1.8	0.78 <sup>(4)</sup>	Reject - Not fair and not reasonable	



---

## APPENDIX A – IFA LETTER

---

### Notes:

- (1) The market premia/(discounts) were calculated relative to the last transacted prices of the respective target companies prior to the respective offer announcements and the VWAPs for the one-month, 3-month and 6-month periods prior to the respective announcements.
- (2) On 13 January 2020, a pre-conditional mandatory cash offer was made for the issued shares of TEE Land Limited (“**TEE Land**”) before the mandatory unconditional cash offer for the issued Shares of TEE Land was announced on 3 February 2020. The market premia in the table above were computed based on the share prices for the period(s) up to and including 9 January 2020, being the last undisturbed trading day prior to the pre-conditional mandatory cash offer as announced on 13 January 2020.
- (3) Based on the revalued NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (4) Based on the NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (5) Based on the adjusted NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (6) On 20 December 2020 (the “**TPH Offer Announcement**”), DBS Bank Ltd. and Bank of China Limited, Singapore Branch had announced, for and on behalf of Tianjin Pharmaceutical (Singapore) International Investment Pte. Ltd. (being the offeror), that Jinhushen Biological Medical Science and Technology Co., Ltd (the “**Purchaser**”) had entered into a sale and purchase agreement on 19 December 2020 with Tianjin Bohai State-owned Assets Management Co., Ltd. in relation to the acquisition of a stake of 67% in Tianjin Pharmaceutical Holdings Co., Ltd. (“**TPH**”) (the “**TPH Acquisition**”). TPH holds, direct and indirect, interests in Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (“**Tianjin Zhong Xin**”), representing approximately 42.8% of the issued shares in Tianjin Zhong Xin. Pursuant to the chain principle set out in Note 7 to Rule 14.1 of the Code, a mandatory conditional cash offer will be made for the issued shares of Tianjin Zhong Xin in the event the Purchaser acquires statutory control of TPH. Following the completion of the TPH Acquisition, the mandatory conditional cash offer was made for the issued Shares of Tianjin Zhong Xin on 26 March 2021. The market premia or discounts in the table above were computed based on the share prices for the period(s) up to and including 16 December 2020, being the last undisturbed trading day prior to the TPH Possible Offer announcement.
- (7) Based on the voluntary conditional cash partial offer as announced on 15 March 2021, which stated that the intention of the offeror is to maintain the listing status of Procurri Corporation Limited on the SGX-ST.
- (8) On 24 June 2021, Sembcorp Marine Ltd (“**Sembcorp Marine**”) announced a renounceable underwritten rights issue on the basis of 3 rights shares for every 2 existing shares at an issue price of S\$0.08 per rights share of Sembcorp Marine. As a result of the subscription of the *pro rata* entitlements and the excess rights shares of Sembcorp Marine, Startree Investments Pte. Ltd. had on 22 September 2021 made the mandatory conditional general cash offer for all the issued shares of Sembcorp Marine. The market discount in the table above was computed based on the theoretical ex-rights price of S\$0.124 on 23 June 2021, being the last undisturbed trading day prior to the announcement of the rights issue. The independent financial adviser to Sembcorp Marine had not disclosed the VWAPs for the one-month, 3-month and 6-months periods prior to the offer announcement in the circular.
- (9) Based on estimated projected NAV of Sembcorp Marine as at 30 June 2021 which was adjusted for, *inter alia*, the expected significant losses to be recorded for the 6-month financial period ended 31 December 2021. The independent financial adviser to Sembcorp Marine had also arrived at a range of estimated revalued NAV of Sembcorp Marine as at 31 December 2021 of between S\$0.1697 and S\$0.2043 per share, and the offer price-to- revalued NAV per share (as implied by its offer price) would be between 0.39 times and 0.47 times.
- (10) The shares of Viking Offshore & Marine Limited (“**Viking Offshore**”) were halted from trading on 11 June 2019, and the shares were subsequently suspended from trading for the period between 14 June 2019 and 22 August 2021. Following a series of corporation actions undertaken by Viking Offshore, the trading suspension was lifted and the trading of shares was resumed on 23 August 2021. Accordingly, the market discounts in the table above were computed based on the share prices for the period between 23 August 2021 and 18 November 2021, being the last undisturbed trading day.
- (11) The independent financial adviser to Viking Offshore had also arrived at a revalued NAV per share of S\$0.1741 per share, and the offer price-to-revalued NAV ratio (as implied by the offer price) would be at 0.06 times. The revalued NAV of Viking Offshore was adjusted for a potential amount to be recoverable which in aggregate amounted to S\$97.0 million. Such amount was awarded to Viking Offshore in 2018 but was not recovered then.
- (12) Excludes Blumont Group Ltd., Transit-Mixed Concrete Ltd and Viking Offshore and Marine Limited as statistical outliers in the mean and median computation of the offer price over/(to) the last transacted price prior to offer announcement, one-month and 3-month VWAPs prior to offer announcement.
- (13) Excludes Axington Inc., Blumont Group Ltd., Transit-Mixed Concrete Ltd and Viking Offshore and Marine Limited as statistical outliers in the mean and median computation of the offer price over/(to) 6-month VWAP prior to offer announcement.

---

## APPENDIX A – IFA LETTER

---

(14) Based on NAV per Share of S\$0.0367 as at 30 June 2022.

Based on the above analysis, we note the following:

- (a) the discount of approximately 66.0% (as implied by the Offer Price) to the closing price of the Shares on the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 88.9% and a premium of 75.0%, but is significantly below the corresponding mean and median premia of 7.9% and 6.2% of the Non-Privatisation Transactions respectively;
- (b) the discount of approximately 65.6% (as implied by the Offer Price) to the one-month VWAP of the Shares up to and including the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 87.6% and a premium of 85.9%, but is significantly below the corresponding mean and median premia of 13.7% and 8.6% of the Non-Privatisation Transactions respectively;
- (c) the discount of approximately 67.0% (as implied by the Offer Price) to the 3-month VWAP of the Shares up to and including the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 91.0% and a premium of 88.9%, and but is significantly below the corresponding mean and median premia of 15.7% and 11.1% of the Non-Privatisation Transactions respectively;
- (d) the discount of approximately 69.7% (as implied by the Offer Price) to the 6-month VWAP of the Shares up to and including the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 80.0% and a premium of 78.6%, but is significantly below the corresponding mean and median premia of 6.0% and 7.7% of the Non-Privatisation Transactions respectively; and
- (e) the P/NAV ratio of the Company of 0.83 times (as implied by the Offer Price) is within the range of the Non-Privatisation Transactions of between 0.33 times and 2.19 times, but is below the mean and median offer price-to-NAV ratio of the Non-Privatisation Transactions of 1.03 times and 0.93 times respectively.

As mentioned in paragraph 7.2 of this letter, it should be noted that due to the low trading liquidity of the Shares, the closing prices of the Shares may not reflect the fundamental value of the Shares. Shareholders should also note that the level of premium (if any) which an acquirer would normally pay for acquiring a listed company varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business (if any), the possibility of a significant revaluation of the assets to be acquired, 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, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each Non-Privatisation Transaction has to be judged on its own merits (or otherwise).

The list of Non-Privatisation Transactions indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Non-Privatisation Transactions over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the Non-Privatisation Transactions. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Non-Privatisation Transactions or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or relative need for control over the companies.

As some of the Non-Privatisation Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the offer price of such Non-Privatisation Transactions with the

---

## APPENDIX A – IFA LETTER

---

revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the Non-Privatisation Transactions, where available.

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

### 7.7 Estimated Theoretical Valuation of the Shares

In arriving at an estimated theoretical valuation of the Shares, we have considered an earnings-based valuation methodology (namely, the LTM P/E and LTM EV/EBITDA ratios) and the asset-based valuation methodology.

With regard to the earnings-based valuation methodology, we have not adopted the LTM P/E ratio as the Group had recorded net losses for the latest 12-month period. We have thus considered the LTM EV/EBITDA ratio to value the Company however, we note that the Group's IT Solution business segment had recognised a positive EBITDA for the latest 12-month period *vis-a-vis* a negative EBITDA recorded by the Group's Digital Media Networks business segment for the corresponding period. Accordingly, in view that the Group's Digital Media Networks business segment had recorded a negative latest 12-month EBITDA, the earnings-based valuation methodology would not be an appropriate valuation methodology as it may not be meaningful to derive the entire value of the Group by applying the LTM EV/EBITDA ratio with reference to only the IT Solutions Comparable Companies.

In view of the above, we have thus adopted the asset-based valuation methodology by applying the mean and median P/NAV ratios of the Non-Privatisation Transactions and the Comparable Companies<sup>(1)</sup> to value the Group. Taking into consideration the P/NAV ratios of the Non-Privatisation Transactions and the Comparable Companies as well as the NAV per Share of the Group of S\$0.0367 as at 30 June 2022, our overall range of the estimated theoretical valuation of the Group is between approximately S\$5.7 million and S\$6.7 million, which translates into between S\$0.034 and S\$0.040 per Share (the "**Estimated Theoretical Valuation Range**")<sup>(2)</sup>. Accordingly, we note that the Offer Price of S\$0.0306 is lower than the Estimated Theoretical Valuation Range.

#### Notes:

- (1) We have excluded the mean P/NAV ratio of the Digital Media Comparable Companies in our evaluation as we note that the Digital Media Comparable Companies has a wider range of P/NAV ratios of between 0.50 times and 3.95 times as further illustrated in section 7.5 of this letter, hence it may be more meaningful to apply the median P/NAV ratio of the Digital Media Comparable Companies in deriving the estimated theoretical valuation. For the avoidance of doubt, we have applied the median P/NAV ratio of the Digital Media Comparable Companies in valuing the Digital Media Networks business segment, and the mean and median P/NAV ratios of the IT Solutions Comparable Companies in valuing the IT Solutions business segment to evaluate the overall range of the estimated theoretical valuation of the Group.
- (2) The difference in the derived theoretical valuations between the Comparable Companies and the Non-Privatisation Transactions could be due to the different circumstances underlying the Comparable Companies and the Non-Privatisation Transactions respectively, namely, (a) the P/NAV ratios of the Comparable Companies are dependent on their financial position, scale of business operations and the varying market valuations as at the Latest Practicable Date ascribed to the Comparable Companies by the different geographical stock exchanges which the Comparable Companies are listed on. As mentioned in paragraph 7.5 of this letter, there is no company which is identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria, and such businesses

---

## APPENDIX A – IFA LETTER

---

may have fundamentally different profitability objectives, and (b) the P/NAV ratios of the companies in relation to the Non-Privatisation Transactions are based on the average premium paid by offerors for SGX-listed companies (which principal businesses are not necessarily similar to those of the Group) in non-privatisation transactions to garner a stake in such companies, which is dependent on, *inter alia*, the attractiveness of the underlying business to be acquired, the business synergies to be gained by the acquirer, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the trading liquidity of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations.

### 7.8 Other Relevant Considerations

#### 7.8.1 Comparison with previous issue or transaction price

We note that pursuant to the 2019 RTO which was completed on 23 May 2019, the Company had on 3 June 2019 issued an aggregate of 21,621,621 new consolidated Shares pursuant to the proposed compliance placement at an issue price of S\$0.3664 per new consolidated Share (the "**Compliance Placement Issue Price**"). Accordingly, the Offer Price of S\$0.0306 represented a significant discount of approximately 91.6% to the Compliance Placement Issue Price of S\$0.3664 per consolidated Share.

We also note that, as announced on 19 September 2022, AC Global Investment Pte. Ltd. had acquired 13,395,000 Shares from Lee Han Chong<sup>3</sup>, by way of an off-market transaction, at a total consideration of S\$455,430 on 16 September 2022 which would translate into an average acquisition price of S\$0.0340 per Share (the "**Average Acquisition Price**"). Accordingly, the Offer Price of S\$0.0306 represented a discount of approximately 10% to the Average Acquisition Price per Share of S\$0.0340.

Shareholders should note that the determination of the transacted prices relating to the above transactions is dependent on the circumstances and market sentiment prevailing at the time of the transactions. Consequently, the above comparison merely serves as an illustrative guide only.

#### 7.8.2 Outlook of the Group

We note the following disclosure in the unaudited financial statements for 1H2022 as announced by the Company on 10 August 2022. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the aforementioned announcement.

*"The local IT industry is currently facing a talent crunch and this is putting pressure on the industry's ability to deliver projects, provide IT support operations and services smoothly. High inflation rate and accelerated increase in interest rates are also adding to overall cost.*

*Notwithstanding the above, the Group has seen slight recovery on IT enquiries to support the MICE industry as travel borders started to re-open slowly in May 2022. The Group will continue to monitor the global trend of talent movements closely and ensure projects' milestones are delivered accordingly. The Group will also continue to strengthen its technological capabilities as well as IT offerings to enhance services and value add to its customers"*

#### 7.8.3 Unconditional Offer and no revision of the Offer Price

The Offer is unconditional in all respects. Accordingly, all valid acceptances tendered by Shareholders in respect of the Offer Shares by the close of the Offer will be accepted by the Joint Offerors and will be paid for in cash.

Shareholders should note that the Offer Price is final. As the Joint Offerors have stated that it does not intend to revise the Offer Price, they will not be allowed to amend or increase the Offer Price except in wholly exceptional circumstances or where the right to do so has been specifically reserved.

---

<sup>3</sup> Being the spouse of Mdm Liang Xingfen.

---

## APPENDIX A – IFA LETTER

---

### 7.8.4 Likelihood of competing offers is remote

The Directors have confirmed, to the best of their knowledge and belief as at the Latest Practicable Date, that (a) no other third parties have approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Offeror, no other third party has made a firm offer for the Company.

As at the Latest Practicable Date, the Joint Offerors held an aggregate of 98,118,417 Shares, representing approximately 58.58% of the total number of issued Shares. It is therefore highly unlikely that there will be a competing offer from any third party.

### 7.8.5 Statutory control over the Company

As at the Latest Practicable Date, the Joint Offerors, namely, Mdm Lim Quee Lan who holds approximately 27.82% of the total number of issued Shares, and Mr Tan Kim Swee Bernard who holds approximately 30.75% of the total number of issued Shares, are collectively the largest controlling Shareholders in the Company who in aggregate holds approximately 58.58%<sup>4</sup> of the total number of issued Shares.

Accordingly, the Joint Offerors will collectively have statutory control over the Company which places them in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Joint Offerors and their concert parties do not have an interest.

### 7.8.6 Offeror's intentions for the Company

As stated in section 8.2 of the Offer Document, there is currently no intention to (a) introduce any major changes to the existing businesses of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. However, the Joint Offerors will, on the close of the Offer, review their strategic options in relation to the existing businesses of the Group to release the value of the existing businesses, and consider possible acquisitions, disposals, joint ventures, business partnerships and business model transformation opportunities which are in the interests of the Group. This includes, among others, seeking approval from the Shareholders to diversify its businesses. Pending the outcome of such review and subject thereto, the Joint Offerors may make changes to the operations and businesses of the Group. Accordingly, the Joint Offerors retain the flexibility to explore options or opportunities which may present themselves and to consider any options with respect to making any major changes to the business of the Group (including re-deployment of fixed assets of the Group) and with respect to the continued employment of the employees of the Group.

### 7.8.7 Listing status of the Company

As stated in section 9.1 of the Offer Document, under Rule 1104 of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), in the event that the Joint Offerors and their concert parties should, as a result of the Offer or otherwise, own or control more than 90% of the total number of issued Shares, the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the total number of issued Shares are held by at least 200 Shareholders who are members of the public. Under Rule 1303(1) of the Catalist Rules, where the Joint Offerors succeed in garnering acceptances exceeding 90% of the total number of issued Shares, thus causing the percentage of the total number of issued Shares held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares at the close of the Offer.

Shareholders are advised to note that Rule 723 of the Catalist Rules requires the Company to ensure that at least 10% of the total number of issued Shares is at all times held by the public. In addition, under Rule 724(1) of the Catalist Rules, if the percentage of the Shares held in public hands fall below 10 per cent., the Company must, as soon as practicable, notify its

---

<sup>4</sup> Do not add up due to rounding.

---

## APPENDIX A – IFA LETTER

---

sponsor of that fact and announce that the fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST.

Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10% failing which the Company may be delisted from the SGX-ST.

### 7.8.8 Compulsory acquisition

As stated in section of 9.2 of the Offer Document, pursuant to Section 215(1) (read with Section 215AA) of the Companies Act 1967 of Singapore (the “**Companies Act**”), if the Joint Offerors receive valid acceptances pursuant to the Offer and/or acquires such number of Offer Shares at the close of the Offer in respect of not less than 90% of the total number of issued Shares (other than those already held by the Joint Offerors, their related corporations or their respective nominees as at the date of the Offer), the Joint Offerors will be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) on the same terms as those offered under the Offer. Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Joint Offerors to acquire their Shares at the Offer Price in the event that the Joint Offerors acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Joint Offerors, their related corporations or their respective nominees, comprise or include 90% or more of the total number of issued Shares as at the close of the Offer. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

If the right under Section 215(1) (read with Section 215AA) of the Companies Act is available, **the Joint Offerors do not intend to exercise their rights of compulsory acquisition under Section 215(1) (read with Section 215AA) of the Companies Act to acquire those Offer Shares not acquired by the Joint Offerors pursuant to the Offer.**

### 7.8.9 Intention to maintain the present listing status

As stated in the Offer Document, it is the current intention of the Joint Offerors to maintain the present listing status of the Company on the Catalist of the SGX-ST following the completion of the Offer. As stated in paragraph 7.8.8 of this letter, the Joint Offerors do not intend to, exercise their right under Section 215(1) of the Companies Act. Accordingly, in the event that the percentage of Shares held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Joint Offerors intend to take such steps which are necessary to restore the Company’s public float in order to maintain the listing status of the Company. However, there is no assurance that timely and appropriate actions can be taken as these are dependent on, *inter alia*, prevailing market conditions at the relevant time. In the event that the public float of the Company cannot be achieved, trading in the Shares may continue to be suspended and/or the Company may be delisted.

### 7.8.10 Dividend track record

The Company had not declared and/or paid any dividend since the 2019 RTO. The Directors have confirmed that the Company does not have a formal dividend policy and that dividend payments are made with due consideration of, *inter alia*, the Group’s earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Directors may deem appropriate.

We wish to highlight that the above is not an indication of the Company’s future dividend policy, and 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.

---

## APPENDIX A – IFA LETTER

---

### 8. OPINION AND ADVICE

#### 8.1 Our Opinion

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

- (a) the Group recorded increasing revenues of approximately S\$5.6 million, S\$6.6 million, S\$7.5 million, S\$3.9 million and S\$4.2 million in FY2019, FY2020, FY2021, 1H2021 and 1H2022 respectively. Save for FY2020 where the Group recorded a net profit attributable to owners of the Company of approximately S\$0.1 million, the Group had recorded net losses attributable to owners of the Company of S\$12.3 million and S\$1.9 million in FY2019 and FY2021 respectively. The Group recorded a net loss attributable to owners of the Company of approximately S\$0.6 million in 1H2021 *vis-à-vis* a net profit attributable to owners of the Company of approximately S\$0.5 million in 1H2022. The Group also recorded (a) net cash from operating activities of approximately S\$1.0 million and S\$0.6 million in FY2020 and 1H2022 respectively, and net cash used in operating activities of approximately S\$1.2 million, S\$0.5 million and S\$1.2 million in FY2019, FY2021 and 1H2021 respectively;
- (b) the Offer Price is lower than the closing prices of the Company during the period between the resumption of trading of Shares on 10 June 2019 following the completion of the 2019 RTO on 23 May 2019, and up to the Latest Practicable Date;
- (c) the Offer Price represents:
  - (i) a significant discount of approximately 79.5%, 69.7%, 67.0% and 65.6% to the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively;
  - (ii) a significant discount of approximately 66.0% to the closing price of the Shares of S\$0.090 on the Last Trading Day;
  - (iii) a significant discount of approximately 48.6% to the VWAP of the Shares of S\$0.0595 for the period after the Offer Announcement and up to the Latest Practicable Date; and
  - (iv) a significant discount of approximately 38.8% to the closing price of the Shares of S\$0.050 on the Latest Practicable Date;
- (d) the Shares had generally underperformed the FTSESC Index during the one-year period prior to and including the Last Trading Day and up to the Latest Practicable Date, and the closing price of the Shares had decreased by approximately 44.4% while the FTSESC Index had decreased by approximately 3.2% between the Last Trading Day and the Latest Practicable Date;
- (e) the Offer Price is at a discount of approximately 16.6% to the unaudited NAV per Share of the Group of approximately S\$0.0367 as at 30 June 2022, and would value the Group at a P/NAV ratio (as implied by the Offer Price) of 0.83 times;
- (f) in respect of the Comparable Companies:
  - (i) the Company had recorded a net loss for the latest 12-month period, hence the LTM P/E ratio of the Company (as implied by the Offer Price) is not applicable;
  - (ii) in relation to the Digital Media Comparable Companies, the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) of 24.46 times is significantly above the range of the LTM EV/EBITDA ratios of the Digital Media Comparable Companies of between 1.96 times and 4.68 times, and is

---

## APPENDIX A – IFA LETTER

---

significantly above the mean and median LTM EV/EBITDA ratios of the Digital Media Comparable Companies of 3.48 times and 3.64 times respectively; and

- (iii) the P/NAV ratio of the Company (as implied by the Offer Price) of 0.83 times is (aa) below the range of P/NAV ratios of the IT Solutions Comparable Companies of between 0.87 times and 2.69 times, and is below the mean and median P/NAV ratios of the IT Solutions Comparable Companies of 1.58 times and 1.18 times respectively, and (bb) within the range of P/NAV ratios of the Digital Media Comparable Companies of between 0.50 times and 3.95 times, but is below the mean and median P/NAV ratios of the Digital Media Comparable Companies of 1.63 times and 1.04 times respectively;
- (g) in respect of the Non-Privatisation Transactions as follows:
- (i) the discount of approximately 66.0% (as implied by the Offer Price) to the closing price of the Shares on the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 88.9% and a premium of 75.0%, but is significantly below the corresponding mean and median premia of 7.9% and 6.2% of the Non-Privatisation Transactions respectively;
  - (ii) the discount of approximately 65.6% (as implied by the Offer Price) to the one-month VWAP of the Shares up to and including the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 87.6% and a premium of 85.9%, but is significantly below the corresponding mean and median premia of 13.7% and 8.6% of the Non-Privatisation Transactions respectively;
  - (iii) the discount of approximately 67.0% (as implied by the Offer Price) to the 3-month VWAP of the Shares up to and including the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 91.0% and a premium of 88.9%, but is significantly below the corresponding mean and median premia of 15.7% and 11.1% of the Non-Privatisation Transactions respectively;
  - (iv) the discount of approximately 69.7% (as implied by the Offer Price) to the 6-month VWAP of the Shares up to and including the Last Trading Day is within the range of the Non-Privatisation Transactions of between a discount of 80.0% and a premium of 78.6%, but is significantly below the corresponding mean and median premia of 6.0% and 7.7% of the Non-Privatisation Transactions respectively; and
  - (v) the P/NAV ratio of 0.83 times (as implied by the Offer Price) is within the range of the Non-Privatisation Transactions of between 0.33 times and 2.19 times, but is below the mean and median offer price-to-NAV ratio of the Non-Privatisation Transactions of 1.03 times and 0.93 times respectively;
- (h) the Offer Price is lower than the Estimated Theoretical Valuation Range of between S\$0.034 and S\$0.040; and
- (i) other relevant considerations in relation to the Offer as follows:
- (i) the Offer Price representing a (aa) significant discount of approximately 91.6% to the Compliance Placement Issue Price of S\$0.3664 per consolidated Share, and (bb) a discount of approximately 10.0% to the Average Acquisition Price per Share of S\$0.0340;
  - (ii) the outlook of the Group, *inter alia*, that the Company understands that the local IT industry is facing a talent crunch which is putting pressure on the industry's ability to deliver projects, and provides IT support operations and services smoothly, coupled with the high inflation rate and accelerated increase in interest rates adding to the overall cost. Notwithstanding, the Group

---

## APPENDIX A – IFA LETTER

---

has seen slight recovery on IT enquiries to support the MICE industry as travel borders started to re-open slowly in May 2022;

- (iii) the Offer is unconditional in all respects, and the Offer Price is final;
- (iv) as at the Latest Practicable Date, apart from the Offer being made by the Joint Offerors, no other third party has made a firm offer for the Company;
- (v) the Joint Offerors may be in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Joint Offerors and their concert parties do not have an interest; and
- (vi) the Company not having declared and/or paid any dividend since the 2019 RTO.

Having considered the aforementioned points including the various factors set out in this letter and summarised in this section, we are of the opinion that, the financial terms of the Offer are **not fair and not reasonable**.

In determining that the Offer is **not fair**, we have considered the following pertinent factors:

- (i) the Offer Price is lower than all the closing prices of the Shares during the period between the resumption of trading of Shares on 10 June 2019 following the completion of the 2019 RTO on 23 May 2019, and up to the Latest Practicable Date;
- (ii) the Offer Price represents a significant discount to (aa) the closing price of the Shares as at the Last Trading Day, (bb) the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (cc) the VWAP of the Shares for the period after the Offer Announcement and up to the Latest Practicable Date, and (dd) the closing price of the Shares on the Latest Practicable Date;
- (iii) the Offer Price represents a discount to the NAV per Share as at 30 June 2022; and
- (iv) the Offer Price is below the Estimated Theoretical Valuation Range.

In determining that the Offer is **not reasonable**, we have considered the following pertinent factors:

- (i) in respect of the Digital Media Comparable Companies, although the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) is significantly above the mean and median LTM EV/EBITDA ratio of the Digital Media Comparable Companies, the P/NAV ratio of the Company (as implied by the Offer Price) is below the mean and median P/NAV ratios of both the IT Solutions Comparable Companies and Digital Media Comparable Companies;
- (ii) in respect of the Non-Privatisation Transactions, (aa) the discount of the Offer Price to the closing price of the Shares on the Last Trading Day, and the one-month, 3-month, and 6-month VWAP of the Shares up to and including the Last Trading Day is significantly below the corresponding mean and median premia of the Non-Privatisation Transactions, and (bb) the P/NAV ratio of the Company (as implied by the Offer Price) is below the mean and median offer price-to-NAV ratios of the Non-Privatisation Transactions; and
- (iii) the Offer Price represents (aa) a significant discount to the Compliance Placement Issue Price, and (bb) a discount to the Average Acquisition Price.

---

## APPENDIX A – IFA LETTER

---

### 8.2 Our Advice

**Accordingly, we advise the Recommending Directors to recommend that Shareholders reject the Offer.**

The Recommending Directors should note that our opinion and advice on the Offer do not and cannot take into account any future events or changes in the market, economic, industry, monetary and other conditions after the Latest Practicable Date since these are governed by factors beyond the ambit of our review.

This letter is addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer. The recommendation made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Recommending Directors.

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

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

Andrew Leo  
Chief Executive Officer

Lau Sze Mei  
Associate Director

## APPENDIX B – ADDITIONAL GENERAL INFORMATION

### 1. DIRECTORS

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

<b>Name</b>	<b>Address</b>	<b>Description</b>
Mr. Koh Choon Hui	c/o 29 Media Circle ALICE@Mediapolis South Tower #03-13 Singapore 138565	Chairman and Independent Director
Mr. Neo Wee Han Victor	c/o 29 Media Circle ALICE@Mediapolis South Tower #03-13 Singapore 138565	Executive Director, Group Chief Executive Officer and Deputy Board Chairman
Mr. Lim Kian Sing	c/o 29 Media Circle ALICE@Mediapolis South Tower #03-13 Singapore 138565	Executive Director and Group Chief Operating Officer
Mr. Chang Yew Kong	c/o 29 Media Circle ALICE@Mediapolis South Tower #03-13 Singapore 138565	Independent Director
Mr. Tan Chade Phang	c/o 29 Media Circle ALICE@Mediapolis South Tower #03-13 Singapore 138565	Independent Director

### 2. HISTORY AND PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 12 August 2011 and was listed on the Catalist Board of SGX-ST as Jason Holdings Limited (“**JHL**”) on 25 September 2012. Pursuant to a reverse takeover of JHL by Revez Group Pte. Ltd., JHL was renamed to Revez Corporation Ltd and its Shares continues to be listed on the Catalist board of the SGX-ST.

The Group is a creative tech group incorporating innovators, technologists and creative capabilities to drive enterprise and consumer value. Its main subsidiaries include:

<b>Name of Subsidiary</b>	<b>Principal Activities</b>
REVEZ Motion Pte. Ltd.	Design and develop immersive and interactive multimedia solutions
PGK Digital Networks Pte. Ltd.	A media owner and operator of innovative digital TV networks, out-of-home digital advertising networks, and digital sport and media networks

---

## APPENDIX B – ADDITIONAL GENERAL INFORMATION

---

### 3. SHARE CAPITAL

#### 3.1 Issued Shares

The Company has one (1) class of shares, being ordinary shares. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$62,298,166.099 comprising 167,499,937 issued Shares and does not have any treasury shares. The issued Shares are listed and quoted on the Catalist Board of the SGX-ST.

#### 3.2 Convertible Securities

As at the Latest Practicable Date, the Company has not issued any instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting Shares that are outstanding as at the Latest Practicable Date.

#### 3.3 Rights in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. For ease of reference, selected extracts of the Constitution in respect of capital, dividends and voting have been extracted and reproduced in **Appendix C (Extracts from the Constitution)** to this Circular. Capitalised terms and expressions not defined in the extract shall have the meanings ascribed to them in the Constitution.

#### 3.4 New Issues

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2021.

### 4. DISCLOSURE OF INTERESTS

#### 4.1 Interests of the Company in the Offeror Securities

Not applicable as the Joint Offerors are individuals.

#### 4.2 Dealings in the Offeror Securities by the Company

Not applicable as the Joint Offerors are individuals.

#### 4.3 Interests of the Directors in the Offeror Securities

Not applicable as the Joint Offerors are individuals.

#### 4.4 Dealings in the Offeror Securities by the Directors

Not applicable as the Joint Offerors are individuals.

#### 4.5 Interests of the Directors in the Company Securities

None of the Directors has any direct or deemed interest in the Company Securities as at the Latest Practicable Date.

---

## APPENDIX B – ADDITIONAL GENERAL INFORMATION

---

### 4.6 Dealings in the Company Securities by the Directors

Save as disclosed below and in any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), none of the Directors has dealt for value in the Company Securities during the period commencing six (6) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date:

Name of Director	Date of Transaction	No. of Shares	Transaction Price per Share (S\$)	Nature of Transaction
Mr. Neo Wee Han Victor	7 December 2022	3,122,267	0.0306	Off-market sale and purchase
Mr. Lim Kian Sing	7 December 2022	4,785,617	0.0306	Off-market sale and purchase

### 4.7 Company Securities owned or controlled by the IFA

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

### 4.8 Dealings in the Company Securities by the IFA

During the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis has dealt for value in any Company Securities.

### 4.9 Offeror Securities owned or controlled by the IFA

Not applicable as the Joint Offerors are individuals.

### 4.10 Dealings in Offeror Securities by the IFA

Not applicable as the Joint Offerors are individuals.

## 5. OTHER DISCLOSURES

### 5.1 Directors' Service Contracts

As at the Latest Practicable Date:

- (a) save as set out in sub-paragraph (c) below, there are no service contracts between any of the Directors, 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;

---

## APPENDIX B – ADDITIONAL GENERAL INFORMATION

---

- (b) there are no service contracts entered into or amended between any of the Directors or proposed directors with the Company or any of its subsidiaries during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date; and
- (c) as disclosed by the Company on SGXNET on 11 December 2022, Mr. Giulio Dorrucchi, who was previously the CEO and director of PGK, had commenced litigation against the Company, PGK and 2 Directors, alleging *inter alia* that PGK had breached his employment agreement, and is liable to pay for S\$206,500, being his remuneration for the rest of the term of his employment agreement.

### 5.2 Arrangements Affecting Directors

As at the Latest Practicable Date, save as disclosed in the Offer Document and this Circular:

- (a) there are no agreements, arrangements or understandings for any payment or other benefit to be made or given to any Director or 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 are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) none of the Directors has a material personal interest, whether direct or indirect, in any material contracts entered into by the Joint Offerors.

### 6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in any information on the Company which is publicly available (including without limitation the Company's annual report 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 (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

### 7. MATERIAL LITIGATION

As disclosed in the Company's announcement dated 11 December 2022, Mr Giulio Dorrucchi ("**Mr Dorrucchi**"), PGK's former Chief Executive Officer ("**CEO**") commenced Originating Claim No. 453 of 2022 ("**HC/OC 453/2022**") in the High Court of Singapore against PGK, the Company, as well as directors which the Company nominated to PGK's board, Mr Neo Wee Han Victor and Mr Lim Kian Sing (the "**Nominated Directors**").

In HC/OC 453/2022, Mr Dorrucchi alleges, amongst other things, that there is an implied term in the term sheet between the Company and him dated 30 September 2020 (the "**Term Sheet**") that the Company (whether by its officers, servants and/or agents, or otherwise) should not engage in any conduct which would (a) interfere with Mr Dorrucchi's management of PGK as its CEO and statutory director; (b) interfere with PGK achieving its net profit before tax milestones for FY2021 to FY2023 and/or (c) otherwise hinder Mr Dorrucchi from being paid the remaining purchase price or reward under the Bonus Earn Out in the Term Sheet (the "**Alleged Implied Term**"). Mr Dorrucchi contends that the Company had, through the

---

## APPENDIX B – ADDITIONAL GENERAL INFORMATION

---

Nominated Directors, breached the Alleged Implied Term by interfering with his management of PGK and undermining his position as PGK's CEO and statutory director, making it impossible for him to fulfil his role and duties.

In addition, he also contends that the Company had breached the Alleged Implied Term by (a) failing to provide PGK with an alleged agreed intercompany loan relating to its project with SMRT; and (b) allowing another of its subsidiaries, Revez Motion Pte Ltd, to enter into a memorandum of understanding with Stellar Lifestyle Pte Ltd.

Mr Dorrucchi further contends in HC/OC 453/2022 that it was an implied term of his employment agreement with PGK that PGK and him owed mutual obligations of trust and confidence to one another. As a result of the allegations referred to in the paragraph above, he contends that PGK (through the Nominated Directors) acted to destroy and/or seriously damage the trust between PGK and himself, making it impossible for him to fulfil his role and duties as CEO. According to him, this also amounted to further breaches of the Alleged Implied Term, and the Company and/or the Nominated Directors had induced PGK to breach Mr Dorrucchi's employment agreement and further conspired to injure his interests.

The full particulars of Mr Dorrucchi's claim against the Company, PGK, and the Nominated Directors in HC/OC 453/2022, including but not limited to the reliefs sought by Mr Dorrucchi in HC/OC 453/2022 are set out in the Company's announcement dated 11 December 2022.

The Company and its Nominated Directors categorically deny Mr Dorrucchi's allegations. The Company has also obtained legal advice from its solicitors and considers Mr Dorrucchi's allegations to be wholly without merit. The Company will vigorously defend against Mr Dorrucchi's claims in HC/OC 453/2022.

The Company is of the view that the legal proceedings commenced by Mr Dorrucchi in HC/OC 453/2022 will not affect the continued business operations of the Group and (if and) in the event any payment(s) are made by PGK and/or the Company pursuant to any court order or settlement relating to this matter, such payment(s) are not expected to materially impact the financial position of the Group. None of the other Group entities are liable to or are the subject of Mr Dorrucchi's allegations, and the Group's ability to continue as a going concern is also not affected by this matter.

Save as disclosed above and in any information on the Group which is publicly available (including without limitation the announcements released by the Company on SGXNET), as at the Latest Practicable Date:

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

## APPENDIX B – ADDITIONAL GENERAL INFORMATION

### 8. FINANCIAL INFORMATION

#### 8.1 Consolidated Statements of Comprehensive Income

A summary of the audited consolidated statement of comprehensive income of the Group for the past three (3) financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 and the unaudited financial information of the Group for 30 June 2022 is set out below.

	12 months ended 31 Dec 2019	12 months ended 31 Dec 2020	12 months ended 31 Dec 2021	6 months ended 30 Jun 2022
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>	<b>5,614</b>	<b>6,623</b>	<b>7,529</b>	<b>4,187</b>
Other income	269	1,571	1,485	821
Material costs and changes in inventories	(2,057)	(3,307)	(2,882)	(1,417)
Salaries and employees' benefits	(2,597)	(3,863)	(4,678)	(1,851)
Depreciation of property, plant and equipment and investment property	(228)	(374)	(770)	(546)
Impairment of goodwill	–	–	(1,650)	–
Amortisation of intangible assets	–	(33)	(131)	(66)
Trade receivables written off	–	(40)	(13)	–
(Impairment loss)/reversal of impairment loss of trade receivables and contract assets, net	(18)	231	(58)	(39)
Other operating expenses	(364)	(819)	(962)	(651)
Finance costs	(23)	(21)	(88)	(40)
<b>Profit/(loss) before exceptional items</b>	<b>596</b>	<b>(32)</b>	<b>(2,218)</b>	<b>398</b>
<b>Exceptional items</b>	<b>(12,704)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>(Loss)/profit before income tax</b>	<b>(12,108)</b>	<b>(32)</b>	<b>(2,218)</b>	<b>398</b>
Income tax	(72)	(80)	22	1
<b>(Loss)/profit for the financial period/year</b>	<b>(12,180)</b>	<b>(112)</b>	<b>(2,196)</b>	<b>399</b>
Other comprehensive income	–	–	–	–
<b>Total comprehensive (loss)/ income for the financial period/year</b>	<b>(12,180)</b>	<b>(112)</b>	<b>(2,196)</b>	<b>399</b>

## APPENDIX B – ADDITIONAL GENERAL INFORMATION

	12 months ended 31 Dec 2019	12 months ended 31 Dec 2020	12 months ended 31 Dec 2021	6 months ended 30 Jun 2022
	S\$'000	S\$'000	S\$'000	S\$'000
<b>(Loss)/profit for the financial period/year attributable to:</b>				
Owners of the Company	(12,251)	98	(1,933)	465
Non-controlling interests	71	(210)	(263)	(66)
	<b>(12,180)</b>	<b>(112)</b>	<b>(2,196)</b>	<b>399</b>
<b>Total comprehensive (loss)/ income for the financial period/year attributable to:</b>				
Owners of the Company	(12,251)	98	(1,933)	465
Non-controlling interests	71	(210)	(263)	(66)
	<b>(12,180)</b>	<b>(112)</b>	<b>(2,196)</b>	<b>399</b>

The above summary should be read together with the audited consolidated financial statements and the unaudited financial information for the Group for the relevant financial periods and the accompanying notes thereto, contained in either the annual reports or SGXNET announcements (as the case may be) of the Company for the relevant financial periods.

Copies of these are available for inspection at the registered office of the Company. Please refer to paragraph 10 (Documents Available for Inspection) of the **Appendix B (Additional General Information)** for further information.

### 8.2 Consolidated Statements of Financial Position

A summary of the audited consolidated statements of financial position of the Group as at 31 December 2021 and unaudited consolidated statements of financial position of the Group as at 30 June 2022 is set out below. The following summary should be read in conjunction with the Audited FY2021 Results and the accompanying notes thereto, which are reproduced in **Appendix D (Audited FY2021 Results)** to this Circular.

Statement of financial position	31 Dec 21	30 Jun 22
	S\$'000	S\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,508	3,557
Goodwill	1,667	1,667
Intangible assets	493	427
<b>Total non-current assets</b>	<b>5,668</b>	<b>5,651</b>

## APPENDIX B – ADDITIONAL GENERAL INFORMATION

	31 Dec 21	30 Jun 22
	S\$'000	S\$'000
<b>Current assets</b>		
Trade and other receivables	1,576	2,148
Contract assets	230	9
Inventories	132	30
Cash and bank balances	3,317	3,363
<b>Total current assets</b>	<b>5,255</b>	<b>5,550</b>
Non-current asset classified as held-for-sale	615	–
	<b>5,870</b>	<b>5,550</b>
<b>Total assets</b>	<b>11,538</b>	<b>11,201</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,864	2,297
Contract liabilities	370	452
Loans and borrowings	1,293	764
<b>Total current liabilities</b>	<b>3,527</b>	<b>3,513</b>
<b>Non-current liabilities</b>		
Loans and borrowings	1,844	1,387
Deferred tax liabilities	84	73
<b>Total non-current liabilities</b>	<b>1,928</b>	<b>1,460</b>
<b>Total liabilities</b>	<b>5,455</b>	<b>4,973</b>
<b>Equity</b>		
Share capital	18,713	18,713
Merger reserve	138	138
Accumulated losses	(13,162)	(12,697)
<b>Equity attributable to owners of the Company</b>	<b>5,689</b>	<b>6,154</b>
Non-controlling interests	394	74
<b>Total equity</b>	<b>6,083</b>	<b>6,228</b>
<b>Total equity and liabilities</b>	<b>11,538</b>	<b>11,201</b>

---

## APPENDIX B – ADDITIONAL GENERAL INFORMATION

---

The summary of significant accounting policies of the Company is disclosed in Note 3 to the Audited FY2021 Results, which is reproduced in **Appendix D (Audited FY2021 Results)** to this Circular. There are no significant accounting policies or any points from such notes, which are of any major relevance for the interpretation of the accounts of the Group referred to in this Circular.

### 8.3 Changes in Accounting Policies

Save as disclosed in Note 2 to the Audited FY2021 Results, as at the Latest Practicable Date, there is no change in the accounting policies of the Company which will cause the figures disclosed in this Circular not to be comparable to a material extent.

### 8.4 Material Changes in Financial Position

As at the Latest Practicable Date, save as disclosed in this Circular and any other information on the Group which is publicly available (including without limitation the announcements released by the Company on the SGXNET), there are no known material changes in the financial position of the Group since 31 December 2021, being the date of the Group's last published audited financial statements.

## 9. GENERAL

- 9.1 All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.
- 9.2 Novus Corporate Finance Pte. Ltd., named as the IFA in this Circular, has given and has not withdrawn its written consent to act in such capacity and to the issue of this Circular with the inclusion of its name, the IFA Letter set out as **Appendix A (IFA Letter)** to this Circular and all references thereto in the form and context in which each they appear in this Circular.
- 9.3 Bayfront Law LLC, named as the legal advisers to the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular and all references thereto in the form and context in which they appear in this Circular.

## 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the annual reports for FY2019, FY2020 and FY2021;
- (c) the IFA Letter set out as **Appendix A (IFA Letter)** to this Circular;
- (d) unaudited condensed interim financial information of the Group for 30 June 2022; and
- (e) the letter of consent referred to in paragraphs 9.2 and 9.3 of **Appendix B (Additional General Information)** to this Circular.

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are extracted from the Constitution and reproduced as follows:

### **“A. RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL**

#### **SHARES**

6. *The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.* *Power to repurchase shares*
7. *Subject to the Act and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to article 53, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions 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 provided always that:–* *Issue of shares*
- (a) *(subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of article 53(1) with such adaptations as are necessary shall apply; and*
- (b) *any other issue of shares, the aggregate of which would exceed the limits referred to in article 53(2), shall be subject to the approval of the Company in General Meeting.*
8. (1) *The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.* *Issue of shares for which no consideration is payable to the Company and preference shares*
- (2) *The Company may issue shares for which no consideration is payable to the Company.*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

- (3) *Preference shares may be issued subject to such limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.*
- (4) *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*
- (5) *The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time.*
9. *The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.* Treasury shares
10. *If, at any time the share capital is divided into different classes, subject to the provisions of the Act, preference capital, other than redeemable preference capital, or any alteration of preference shareholders' rights, may be repaid and the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of the Act shall with such adaptations as are necessary apply. To every such separate General Meeting the provisions of this Constitution relating to General Meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and any holder of shares of the class present in person or by proxy may demand a poll. Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the General Meeting shall be as valid and effectual as a Special Resolution carried at the General Meeting.* Variation of rights
11. *The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution as is in force at the time of such issue, be deemed to be varied by the issue of further shares ranking equally therewith.* Issue of further shares with special rights

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

12. *The Company may pay commission or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commission or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.* *Power to pay commission and brokerage*
13. *If any shares of the Company 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 long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital (except treasury shares) as is for the time being paid-up and may charge the same to capital as part of the cost of the construction or provision.* *Power to charge interest on capital*
14. *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (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 this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.* *Exclusion of equities*
15. *Except as herein provided no person shall exercise any rights or privileges of a Member until he is registered in the Register of Members or (as the case may be) the Depository Register as a Member and shall have paid all calls and other moneys due for the time being on every share held by him.* *Exercise of Member's rights*
16. *When two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the provisions following:–* *Joint holders*
- (a) *The Company shall not be bound to register more than three persons as the holders of any share except in the case of executors or administrators (or trustees) of the estate of a deceased Member.*
- (b) *For the purposes of a quorum joint-holders of any share shall be treated as one Member.*
- (c) *Only one certificate shall be issued in respect of any share.*
- (d) *Only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company. Any notice served on any one of the joint-holders shall be deemed to have been duly served on all of them.*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

- (e) *The joint-holders of any share shall be liable severally as well as jointly in respect of calls and any other payments which ought to be made in respect of such share.*
- (f) *Any one of the joint-holders of any share may give effectual receipts for any dividend, return of capital or other sum of money payable to such joint-holders in respect of such share.*
- (g) *On the death of any one of the joint-holders of any share the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they think necessary to call for.*
- (h) *If more than one of such joint-holders are present in person or proxy at any General Meeting only that one of the joint-holders or his attorney or proxy, whose name stands first in the Register of Members or (as the case may be) the Depository Register amongst those so present in person or proxy shall be entitled to vote in respect of any of the shares so held.*

### SHARE CERTIFICATES

- 17. *Every certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid-up, and the amount (if any) unpaid thereon. No certificate shall be issued representing shares of more than one class.* Certificates
- 18. *Every person whose name is entered as a Member in the Register of Members shall be entitled within ten market days (or such other period as may be approved by any stock exchange upon which the shares of the Company may be listed) of the closing date of any application for shares or, as the case may be, the date of lodgement of a registrable transfer or on a transmission of shares to one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. If a Member shall require several certificates each for a part of the shares so allotted or transferred or included in the transmission or if a Member transfers part only of the shares comprised in a certificate or requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the Member shall pay prior to the issue of the certificates or certificate a fee not exceeding S\$2 for each such new certificate as the Directors may determine.* Entitlement to certificates
- 19. *Subject to the provisions of the Act, if any certificate shall be defaced, worn out, destroyed, lost or stolen, a new certificate may be issued in lieu thereof on such evidence being produced and a letter of 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 of the Company may be listed or on behalf of its or their client or clients as the Directors shall require, and (in case of* New certificates may be issued

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

*defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such new 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.*

### TRANSFER OF SHARES

20. *Subject to the provisions of this Constitution, all transfers of shares shall be effected by written instrument of transfer in the form as approved by any stock exchange upon which the shares of the Company may be listed or in any other form acceptable to the Directors.* *Form of transfer of shares*
21. *The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the share concerned until the name of the transferee is entered in the Register of Members in respect thereof.* *Execution of transfer of shares*
22. *No shares shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs.* *Person under disability*
23. *There shall be no restriction on the transfer of fully paid-up shares (except as required by law, the listing rules of any stock exchange upon which the shares of the Company may be listed or the rules and/or bye-laws governing any stock exchange upon which the shares of 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.* *Directors' power to decline to register*
24. *If the Directors refuse to register a transfer of any share, they shall within ten market days after the date on which the transfer was lodged with the Company, send to the transferor and the transferee notice of refusal as required by the Act.* *Notice of refusal*
25. *The Directors may decline to register any instrument of transfer unless:–* *Terms of registration of transfers*
- (a) *such fee not exceeding S\$2 as the Directors may from time to time require, is paid to the Company in respect thereof;*
- (b) *the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

- (c) *the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer 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*
- (d) *the instrument of transfer is in respect of only one class of shares.*

*All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same except in the case of fraud.*

26. *The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine provided always that such registration shall not be suspended for more than thirty days in any year. The Company shall give prior notice of such closure as may be required to any stock exchange upon which the shares of the Company may be listed, stating the period and the purpose or purposes of such closure.* *Suspension of registration*
27. *Nothing in this Constitution shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.* *Renunciation of allotment*

### TRANSMISSION OF SHARES

28. (1) *In the case of the death of a Member whose name is entered in the Register of Members, the survivor or survivors 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 persons recognised by the Company as having any title to his interest in the shares.* *Survivor, executors or administrators entitled to share of a deceased Member*
- (2) *In the case of the death of a Member who is a Depositor, the survivor or survivors where the deceased was a joint-holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased Member, shall be the only persons recognised by the Company as having any title to his interest in the shares.*
- (3) *Nothing in this article shall release the estate of a deceased holder from any liability in respect of any share solely or jointly held by him.*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

29. *Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or transfer the share to some other person, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member.* *Transmission of shares*
30. *If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing in a form approved by the Directors signed by him stating that he so elects. If he shall elect to transfer the share to another person he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were a transfer signed by the person from whom the title by transmission is derived.* *Requirements regarding transmission of shares*
31. *A person becoming entitled to a share by transmission shall be entitled to receive and give a discharge for the same dividends and be entitled to the other advantages to which he would be entitled if he were the Member in respect of the share, except that he shall not, before being registered as a Member in the Register of Members or before his name shall have been entered in the Depository Register in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to General Meetings.* *Rights of persons entitled to a share by transmission*
32. *The Directors may at any time give notice requiring any person entitled to a share by transmission to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, or other moneys payable in respect of the share until the requirements of the notice have been complied with.* *Person entitled may be required to register or transfer share*
33. *There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding S\$2 as the Directors may from time to time require or prescribe.* *Fee for registration of probate, etc*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

### CALLS ON SHARES

34. *The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares and not by the conditions of allotment thereof made payable at fixed times, and 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. A call may be revoked or postponed as the Directors may determine.* *Amounts and periods*
35. *A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by instalments.* *When made*
36. *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 it 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 eight per cent per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.* *Interest on overdue calls*
37. *Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date shall for the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of this Constitution 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.* *On allotment*
38. *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.* *Directors may differentiate between holders*
39. *The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is made, and upon the moneys so received or so much thereof as from time to time exceed the amount of the call then made upon the shares concerned, the Company may pay interest at such rate not exceeding eight per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits.* *Payment in advance of calls*
40. *The Directors may apply all dividends which may be declared in respect of any shares in payment of any calls made or instalments payable and which may remain unpaid in respect of the same shares.* *Lien on dividends to pay call*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

### LIEN AND FORFEITURE

41. *The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) registered in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amount as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member.* *Company's lien*
42. *For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit but no sale shall be made until such time as the moneys owing to the Company are presently payable and until a notice in writing stating the amount due and demanding payment and giving notice of intention to sell in default shall have been served in such manner as the Directors shall think fit on such Member or the person (if any) entitled to effect a transmission of the shares and who shall have produced to the Company satisfactory evidence of such capacity and default in payment shall have been made by him or them for fourteen days after such notice. Provided always that if a Member shall have died or become mentally disordered and incapable of managing himself or his affairs or bankrupt and no person shall have given to the Company satisfactory proof of his right to effect a transmission of the shares held by such Member the Directors may exercise such power of sale without serving any such notice.* *Notice to pay the amount due, and sale on non-compliance therewith*
43. *Upon any sale being made by the Directors of any shares to satisfy the lien of the Company thereon the proceeds shall be applied first in the payment of the costs of such sale, next in satisfaction of the debt, obligation, engagement or liability of the Member to the Company and the residue (if any) shall be paid to the Member whose shares have been forfeited or as he shall direct or to his executors, administrators or assigns.* *Application of sale proceeds*
44. *A statutory declaration in writing that the declarant is a Director and that a share has been duly forfeited 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 stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person 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.* *Title to shares forfeited or surrendered or sold to satisfy a lien*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

45. *In the event of a forfeiture of shares or a sale of shares to satisfy the Company's lien thereon the Member or other person who prior to such forfeiture or sale was entitled thereto shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold.* *Certificate of shares to be delivered to the Company*
46. *If a Member fails to pay any call or any part thereof on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment.* *If call or instalment not paid, notice may be given*
47. *The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.* *Form of notice*
48. *If the requirements of such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter before all payments required by the notice have been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.* *If notice not complied with shares may be forfeited*
49. *A share so forfeited 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 disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such person as aforesaid.* *Sale of shares forfeited*
50. *A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the 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 payable by him to the Company in respect of the shares with interest thereon at eight per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.* *Rights and liabilities of Members whose shares have been forfeited or surrendered*
51. *The provisions of this Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time as if the same had been payable by virtue of a call duly made and notified.* *Forfeiture applies to non-payment of call due at fixed time*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

### ALTERATION OF CAPITAL

52. *To the extent permitted by existing laws and regulations which the Company may be subject, without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special, limited or conditional rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution or, if required by the Act, by Special Resolution determine (or, in the absence of any such determination, but subject to the Act, as the Directors may determine) and subject to the provisions of the Act, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed.*
- Rights and privileges of new shares*
53. (1) *Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as far as the circumstances admit, to the number of the existing shares to which they are entitled. In offering such new shares in the first instance to all the then holders of any class of shares the offer shall be made by notice specifying the number of shares offered and limiting the 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 and the Directors may as they think most beneficial to the Company dispose of any such new shares which by reason of the proportion borne by them to the shares held by holders entitled to any such offer or by reason of any other difficulty in apportioning the same cannot, in the opinion of the Directors, be conveniently offered under this article.*
- Issue of new shares to Members*
- (2) *Notwithstanding article 53(1) but subject to article 8(3), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:–*
- (a) *issue shares of the Company (“shares”) whether by way of rights, bonus or otherwise and/or make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

- (b) *(notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force, provided that:–*
- (i) *the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited;*
  - (ii) *in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and this Constitution; and*
  - (iii) *(unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).*
54. *Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Act and this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*
55. (1) *The Company may by Ordinary Resolution:–*
- (a) *consolidate and divide all or any of its shares;*
  - (b) *subdivide its shares or any of them (subject nevertheless to the provisions of the Act and this Constitution) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and*
  - (c) *subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency.*
- (2) *The Company may by Special Resolution, subject to and in accordance with the Act and other applicable laws, convert one class of shares into another class of shares.*

*New shares otherwise subject to provisions of the Act and this Constitution  
Power to consolidate, subdivide, redenominate and convert shares*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

56. *The Company may by Special Resolution reduce its share, or any other undistributable reserve in any manner and capital subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution and the Act, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.*
- Power to reduce capital

### CONVERSION OF SHARES INTO STOCK

57. *The Company may by Ordinary Resolution convert any paid-up shares into stock, and may from time to time by like resolution re-convert any stock into paid-up shares of any denomination.*
- Conversion of shares into stock and re-conversion
58. *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 previously to conversion have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum number of stock units transferable and restrict or forbid the transfer of fractions of that minimum.*
- Transfer of stock
59. *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.*
- Rights of stockholders
60. *The provisions of this Constitution which are applicable to paid-up shares shall, so far as circumstances will admit, apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".*
- Shares/stock

## B. RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING

### GENERAL MEETINGS

61. (1) *Save as otherwise permitted under the Act, an Annual General Meeting shall be held within four (4) months after the immediate preceding financial year, at such time and place as may be determined by the Directors. Unless prohibited by law, all General Meetings shall be held in Singapore at such location as may be determined by the Board.*
- Annual General Meeting
- (2) *All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

62. *The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened by such requisition or, in default, may be convened by such requisitionists, in accordance with the provisions of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.*

*Calling  
Extraordinary  
General  
Meetings*

### **NOTICE OF GENERAL MEETINGS**

63. (1) *Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Act) a resolution of which special notice has been given to the Company shall be called by at least twenty-one days' notice in writing and any Annual General Meeting and any other Extraordinary General Meeting by at least fourteen days' notice in writing. 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 General Meeting is to be held and shall be given in the manner hereinafter mentioned to such persons as are under the provisions herein contained and the Act 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 of the total voting rights of all the Members having a right to vote at that meeting.*

*Notice of  
General  
Meetings*

*Provided also that the accidental omission to give notice to, or the non-receipt 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 of the Company may be listed.*

- (3) *Notice of every General Meeting shall be given to:–*
- (a) *every Member;*
- (b) *every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the General Meeting; and*
- (c) *the Auditor for the time being of the Company.*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

64. (1) *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 to vote instead of him and that a proxy need not be a Member.* Contents of notice
- (2) *In the case of an Annual General Meeting, the notice shall also specify the meeting as such.*
- (3) *In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of the business; and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.*
65. *Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:–* Routine business
- (a) *declaring dividends;*
- (b) *considering and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;*
- (c) *appointing or re-appointing the Auditor and fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and*
- (d) *appointing or re-appointing Directors in place of those retiring by rotation or otherwise and fixing the remuneration of the Directors.*
66. *Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.* Special business

### PROCEEDINGS AT GENERAL MEETINGS

67. *No business 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, three (3) Members present in person or by proxy shall form a quorum.* Quorum
68. *If within half an hour from the time appointed for the 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 to such other day and at such other time and place as the Directors may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Members present in person or by proxy shall be deemed to be a quorum.* Adjournment if quorum not present

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

69. *The Chairman, if any, of the Directors shall preside as Chairman at every General Meeting. If there be no such Chairman or if at any General Meeting he be not present within fifteen minutes after the time appointed for holding the meeting or be unwilling to act, the Members present shall choose some Director to be Chairman of the meeting or, if no Director be present or if all the Directors present decline to take the chair, one of their number present to be Chairman.* *Chairman*
70. *The Chairman may, with the consent of any General Meeting at which a quorum is present (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 General Meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or sine die, notice of the adjourned meeting shall be given as in the case of the original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.* *Adjournment*
71. (1) *If required by the listing rules of any stock exchange upon which the shares of the Company may be listed, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such stock exchange).* *Mandatory polling*
- (2) *Subject to article 71(1), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll be (before or on the declaration of the result of the show of hands) demanded:–*
- (a) *by the Chairman; or*
  - (b) *by at least three (3) Members present in person or by proxy and entitled to vote thereat; or*
  - (c) *by any Member or Members present in person or by proxy and representing not less than five per cent of the total voting rights of all the Members having the right to vote at the General Meeting; or*
  - (d) *by a Member or Members present in person or by proxy, holding shares conferring a right to vote at the General Meeting, being shares on which an aggregate sum has been paid-up equal to not less than five per cent of the total sum paid-up on all the shares conferring that right.*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

*A demand for a poll made pursuant to this article 71(2) shall not prevent the continuance of the General Meeting for the transaction of any business, other than the question on which the poll has been demanded. Unless a poll be so demanded (and the demand be not withdrawn) a declaration by the Chairman 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 the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.*

72. *Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the General Meeting. The Chairman may (and, if required by the listing rules of any stock exchange upon which the shares of the Company may be listed or if so requested 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.* *Taking a poll*
73. *If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same General Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude.* *Votes counted in error*
74. *In the case of an equality of votes, whether on a poll or on a show of hands, the Chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote.* *Chairman's casting vote*
75. *A poll on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the General Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.* *Time for taking a poll*
76. *After the Chairman of any meeting shall have declared the General Meeting to be over and shall have left the chair no business or question shall under any pretext whatsoever be brought forward or discussed.* *End of General Meeting*

### VOTES OF MEMBERS

77. (1) *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to article 9, each Member entitled to vote may vote in person or by proxy. Every Member who is present in person or by proxy shall:–* *Voting rights of Members*
- (a) *on a poll, have one vote for every share which he holds or represents; and*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

(b) *on a show of hands, have one vote, provided that:–*

- (i) *in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and*
- (ii) *in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.*

*For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.*

(2) *Save as otherwise provided in the Act:–*

- (a) *a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and*
- (b) *a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*

(3) *In any case where a Member is a Depositor, the Company shall be entitled and bound:–*

- (a) *to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

- (b) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- (4) *The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.*
78. *Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation would exercise if it were an individual Member and such corporation shall for the purpose of this Constitution (but subject to the Act) be deemed to be present in person at any such General Meeting if a person so authorised is present thereat.* Corporations acting by representatives
79. *Where there are joint holders of any share any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy as if he were solely entitled thereto and if more than one of such joint holders be so present at any General Meeting that one of such persons so present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this article be deemed joint holders thereof.* Voting rights of joint holders
80. *Subject to the provisions of this Constitution every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy and to be reckoned in a quorum in respect of any share or shares upon which all calls due have been paid.* Rights to vote
81. *No objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.* Objections
82. *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.* Votes on a poll

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

83. (1) *An instrument appointing a proxy shall be in writing and:–*

*Execution of  
proxies*

(a) *in the case of an individual shall be:–*

- (i) *signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or*
- (ii) *authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and*

(b) *in the case of a corporation shall be:–*

- (i) *either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or*
- (ii) *authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.*

*The Directors may, for the purposes of articles 83(1)(a)(ii) and 83(1)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.*

*The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor (which shall, for purposes of this paragraph include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to article 85, failing which the instrument may be treated as invalid.*

(2) *The Directors may, in their absolute discretion:–*

- (a) *approve the method and manner for an instrument appointing a proxy to be authorised; and*
- (b) *designate the procedure for authenticating an instrument appointing a proxy,*

*as contemplated in articles 83(1)(a)(ii) and 83(1)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), article 83(1)(a)(i) and/or (as the case may be) article 83(1)(b)(i) shall apply.*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

84. *A proxy need not be a Member.* *Proxy need not be a member  
Deposit of proxies*
85. (1) *An instrument appointing a proxy or the power of attorney or other authority, if any:–*
- (a) *if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or*
- (b) *if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,*
- and in either case not less than 72 hours before the time appointed for the holding of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid.*
- (2) *The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 85(1)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), article 85(1)(a) shall apply.*
86. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the General Meeting.* *Rights of proxies*
87. *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve. An instrument appointing a proxy shall, unless the contrary is stated therein be valid as well for any adjournment of the General Meeting as for the General Meeting to which it relates and need not be witnessed.* *Form of proxies*
88. *A vote given in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.* *Intervening death or mental disorder of principal not to revoke proxy*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

### C. RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

#### DIVIDENDS

137. *The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.* Declaration of ordinary dividend
138. *The Directors may from time to time pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company.* Interim dividend
139. *No dividend shall be paid otherwise than out of profits.* Dividend only out of profits
140. *Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:–* Application and apportionment of dividends
- (a) *all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
- (b) *all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*
- For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.*
141. *Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary 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.* Scrip Dividend Scheme
142. *The Directors may retain any dividends or other moneys payable 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.* Dividend may be retained
143. *Any General Meeting declaring a dividend may direct payment of such dividend wholly or partly by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors. No valuation, adjustment or arrangement so made shall be questioned by any Member.* Payment of dividend in specie

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

144. Any dividend, interest or other moneys payable in cash on or in respect of shares may be paid by cheque, draft, warrant or Post Office order sent through the post directed to the registered address of the holder or in the case of joint holders, to the registered address of that one of the joint holders who is first named in the Register of Members or (as the case may be) the Depository Register or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque, draft, warrant or Post Office order shall be payable to the order of the person to whom it is sent. Payment by post
145. Every such cheque, draft, warrant or Post Office order shall be sent at the risk of the person entitled to the money represented thereby, and the Company shall not be responsible for the loss of any cheque, draft, warrant or Post Office order which shall be sent by post duly addressed to the person for whom it is intended. Company nor responsible for loss
146. No unpaid dividend shall bear interest against the Company. No interest
147. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer. No dividend before registration
148. 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 under that article is entitled to transfer, until such person shall become a Member in respect thereof or shall duly transfer the same. Power to retain dividends pending transmission
149. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable. Unclaimed dividends
150. A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment. Payment to Depository good discharge

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

### RESERVES

151. *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 meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other 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 which they may think it not prudent to divide.*
- Power to carry profit to reserve

### CAPITALISATION OF PROFITS AND RESERVES

152. (1) *The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to article 53(2) (but subject to article 8(3)):-*
- Power to capitalise profits
- (a) *issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:-*
- (i) *the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*
- (ii) *(in the case of an Ordinary Resolution passed pursuant to article 53(2)) such other date as may be determined by the Directors,*
- in proportion to their then holdings of shares; and/or*
- (b) *capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:-*
- (i) *the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*
- (ii) *(in the case of an Ordinary Resolution passed pursuant to article 53(2)) such other date as may be determined by the Directors,*

---

## APPENDIX C – EXTRACTS FROM THE CONSTITUTION

---

*in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid-up to and amongst them as bonus shares in the proportion aforesaid.*

- (2) *The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under article 152(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*
- (3) *In addition and without prejudice to the powers provided for by articles 152(1) and 152(2), the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:–*
- (a) *be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or*
  - (b) *be held by or for the benefit of non-executive Directors as part of their remuneration under article 91 and/or article 92(2) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.*

*The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.”*

---

## APPENDIX D – AUDITED FY2021 RESULTS

---

The information set out in this **Appendix D (Audited FY2021 Results)** is a reproduction of selected financial information extracted from the annual report of the Company for FY2021, and was not specifically prepared for inclusion in this Circular.

# DIRECTORS' STATEMENT

For The Financial Year Ended 31 December 2021

The directors present their statement to the members of Revez Corporation Ltd. (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

In the opinion of the directors:

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 1 DIRECTORS

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

Koh Choon Hui	<i>Independent Director and Board Chairman</i>
Neo Wee Han Victor	<i>Executive Director, Chief Executive Officer and Deputy Board Chairman</i>
Lim Kian Sing	<i>Executive Director and Chief Operating Officer</i>
Tan Chade Phang	<i>Independent Director</i>
Chang Yew Kong	<i>Independent Director</i>

## 2 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 are, or one of whose objects is, 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 Note 4 of this statement.

## APPENDIX D – AUDITED FY2021 RESULTS

# DIRECTORS' STATEMENT

For The Financial Year Ended 31 December 2021

### 3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act 1967 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below.

NAME OF DIRECTORS	DIRECT INTEREST		DEEMED INTEREST	
	AT THE BEGINNING OF YEAR	AT THE END OF YEAR	AT THE BEGINNING OF YEAR	AT THE END OF YEAR
<b>The Company</b>				
<i>Number of ordinary shares</i>				
Neo Wee Han Victor	9,549,917	6,722,267	90,108,805*	90,108,805*
Lim Kian Sing	8,385,617	5,000	90,108,805*	98,489,422 <sup>#</sup>
<b>Ultimate Holding Company</b>				
<u>L3N Capital Pte. Ltd.</u>				
<i>Number of ordinary shares</i>				
Neo Wee Han Victor	294	304	–	–
Lim Kian Sing	294	304	–	–

\* Deemed interest is derived from the Company's ordinary shares held by the ultimate holding company, L3N Capital Pte. Ltd.

<sup>#</sup> Deemed interest is derived from the Company's ordinary shares held by the ultimate holding company, L3N Capital Pte. Ltd. and under United Overseas Bank Nominees (Private) Limited.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2022.

By virtue of Section 7 of the Act, Neo Wee Han Victor and Lim Kian Sing are deemed to be interested in the shares of the subsidiaries held by the Company.

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

### 4 REVEZ'S PERFORMANCE SHARE PLAN

The Revez's Performance Share Plan (the "Share Plan") of the Company was adopted and approved by the shareholders of the Company at the Extraordinary General Meeting held on 25 June 2020. The Share Plan is administered by the Remuneration Committee (the "Committee") of the Company, comprising the three directors, Chang Yew Kong, Koh Choon Hui and Tan Chade Phang. The Share Plan shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the Share Plan was adopted.

The Share Plan is a share incentive plan that contemplates the award of fully paid ordinary shares in the capital of the Company ("Share Awards") when and after predetermined performance or service conditions are accomplished and/or due recognition should be given to any good work performance and/or any significant contributions to the Company.

The Share Plan allows for participation by full-time employees of the Group (including executive directors) ("Participants"). The Share Awards granted under the Share Plan ("Awards") will be determined at the sole discretion of the Committee. Participants are not required to pay for the grant of Awards, or for the Share Awards allotted or allocated pursuant to an Award.

Since the commencement of the Share Plan till the end of the financial year, no Awards have been granted to the executive directors and employees of the Group.

# DIRECTORS' STATEMENT

For The Financial Year Ended 31 December 2021

## 5 SHARE OPTIONS

During the financial year, there were no share options granted to subscribe for unissued shares of the Company or any corporation in the Group.

During the financial year, there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

## 6 AUDIT COMMITTEE

The Audit Committee ("AC") comprises the following independent directors at the date of this statement:

Tan Chade Phang (Chairman)  
Koh Choon Hui  
Chang Yew Kong

The AC carried out its functions in accordance with Section 201B(5) of the Act, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance and assists the Board of Directors (the "Board") in the execution of its corporate governance responsibilities within its established terms of reference.

The duties of the AC, amongst other things, include:

- (a) review the audit plans of the internal and external auditors of the Company, and review the internal auditors' evaluation of the adequacy of the Group's/Company's system of internal accounting controls and the assistance given by the Group's/Company's management to the external and internal auditors;
- (b) review the half yearly announcement of financial statements and annual financial statements and the auditors' report on the annual consolidated financial statements of the Company and its subsidiaries before their submission to the Board;
- (c) review the adequacy and effectiveness of the Group's/Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditors;
- (d) meet with the external and internal auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- (e) review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- (f) review the cost effectiveness and the independence and objectivity of the external auditors;
- (g) review the nature and extent of non-audit services provided by the external auditors;
- (h) recommend to the Board the external auditors to be nominated, approve the compensation of the external auditors and review the scope and results of audit;
- (i) report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;
- (j) review interested person transactions in accordance with the requirements of the SGX-ST Listing Manual; and
- (k) undertake such other functions and duties as may be agreed to by the AC and the Board.

The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Moore Stephens LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Further details regarding the AC are disclosed in the Report on Corporate Governance included in the Company's Annual Report.

# DIRECTORS' STATEMENT

For The Financial Year Ended 31 December 2021

## 7 INDEPENDENT AUDITORS

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

.....  
Koh Choon Hui  
Director

Singapore

31 March 2022

.....  
Neo Wee Han Victor  
Director

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REVEZ CORPORATION LTD. (Incorporated in Singapore)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of Revez Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore 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 consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the 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 *Auditor's 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* ("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.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REVEZ CORPORATION LTD. (Incorporated in Singapore)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### KEY AUDIT MATTERS (CONT'D)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><b>Impairment of goodwill</b> (Refer to Note 16 to the financial statements)</p> <p>As at 31 December 2021, the Group has goodwill that arose from the acquisition of a wholly owned subsidiary during the previous financial year, with a carrying amount of approximately S\$1.67 million. The goodwill is allocated entirely to the relevant cash-generating unit ("CGU") under the Digital Media Networks segment as disclosed in Note 16 to the financial statements.</p> <p>As part of the goodwill annual impairment testing, management prepares value in use calculation ("VIU") to determine the recoverable amount of the CGU. The VIU is based on cash flow forecasts of the CGU, the preparation of which requires management to use assumptions and estimates relating to forecasted revenue growth rate, terminal growth rate and discount rate of the CGU, which are inherently subjective, and may be affected by uncertainties around future market or economic conditions. Accordingly, we determined this as a key audit matter.</p>	<p><b>Our response</b></p> <p>Our audit procedures included, amongst others, evaluating management's assumptions and estimates applied in the cash flow forecasts taking into consideration our knowledge of the CGU's operations, performance and industry benchmarks. We also obtained an understanding of management's planned strategies on revenue growth and cost initiatives for the CGU. In addition, we also validated key inputs used in the discounted cash flow forecasts, such as forecasted revenue growth rate and the discount rate, to historical data and external market data to assess the reasonableness of management's forecasts. We tested management's sensitivity analysis of the recoverable amount of the CGU based on reasonable changes to the key assumptions used in the cash flow forecasts. We also checked the mathematical accuracy of the underlying calculation.</p> <p>In addition, we reviewed the adequacy of the disclosures in relation to the impairment testing of goodwill, including management's sensitivity analysis, in Note 16 to the financial statements.</p> <p><b>Our findings</b></p> <p>We found the assumptions and estimates used by management in the VIU to determine the recoverable amount of the CGU to be within a reasonable range, and the resulting impairment of goodwill recognised to be appropriate.</p>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REVEZ CORPORATION LTD. (Incorporated in Singapore)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### KEY AUDIT MATTERS (CONT'D)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><b>Valuation of contingent consideration payable</b> (Refer to Note 27 to the financial statements)</p> <p>As at 31 December 2021, the Group has contingent consideration payable that arose from the acquisition of a wholly owned subsidiary during the previous financial year.</p> <p>Contingent consideration payable is remeasured at fair value at each reporting date, and may be affected by changes in the estimation of post-acquisition performance of the acquired business. Any resulting gain or loss is recognised in the consolidated profit and loss account. Following the assessment of post-acquisition performance of the acquired business, a fair value gain on contingent consideration payable of approximately \$1.03 million was recognised for the current financial year ended 31 December 2021.</p> <p>The assessment made by management in relation to the post-acquisition performance of the acquired business involved significant estimates and judgments, and may be affected by unexpected changes in future market or economic conditions or significant events or circumstances related to the acquired business. Accordingly, we determined this as a key audit matter.</p>	<p><b>Our response</b></p> <p>Our audit procedures included, amongst others, discussing with management and evaluating the profit forecasts used by management in assessing the post-acquisition performance of the acquired business including analysing the key assumptions applied with reference to future business plan and historical actual results.</p> <p>In addition, we reviewed the adequacy of the disclosures in relation to the valuation of contingent consideration payable in Note 27 to the financial statements.</p> <p><b>Our findings</b></p> <p>We found the assumptions and estimates used by management in the assessment of the post-acquisition performance of the acquired business to determine the valuation of contingent consideration payable to be within a reasonable range, and the resulting fair value gain on contingent consideration payable recognised to be appropriate.</p>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REVEZ CORPORATION LTD. (Incorporated in Singapore)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### KEY AUDIT MATTERS (CONT'D)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><b>Impairment of investment in subsidiaries</b> (Refer to Note 15(f) to the financial statements)</p> <p>As at 31 December 2021, management performed impairment tests of the Company's investment in subsidiaries as the carrying amounts of certain of the investments exceeded the carrying amount of the relevant investee's net assets as disclosed in Note 15(f) to the financial statements.</p> <p>As part of the impairment testing, management prepares value in use calculation ("VIU") to determine the recoverable amount of the relevant cash-generating unit ("CGU"). Following the impairment testing, an impairment loss on the Company's investment in subsidiaries of approximately S\$30.55 million was recognised for the current financial year ended 31 December 2021.</p> <p>The VIU is based on cash flow forecasts of the CGU, the preparation of which requires management to use assumptions and estimates relating to forecasted revenue growth rate, terminal growth rate and discount rate of the CGU, which are inherently subjective, and may be affected by uncertainties around future market or economic conditions. Accordingly, we determined this as a key audit matter.</p>	<p><b>Our response</b></p> <p>Our audit procedures included, amongst others, evaluating management's assumptions and estimates applied in the cash flow forecasts taking into consideration our knowledge of the subsidiaries' operations, performance and industry benchmarks. We also obtained an understanding of management's planned strategies on revenue growth and cost initiatives for these subsidiaries. In addition, we also validated key inputs used in the discounted cash flow forecasts, such as forecasted revenue growth rate and the discount rate, to historical data and external market data to assess the reasonableness of management's forecasts. We tested management's sensitivity analysis of the recoverable amount of these investments based on reasonable changes to the key assumptions used in the cash flow forecasts. We also checked the mathematical accuracy of the underlying calculation.</p> <p>In addition, we reviewed the adequacy of the disclosures in relation to the impairment testing of investment in subsidiaries, including management's sensitivity analysis, in Note 15(f) to the financial statements.</p> <p><b>Our findings</b></p> <p>We found the assumptions and estimates used by management in the VIU to determine the recoverable amount of the relevant investment in subsidiaries to be within a reasonable range, and the resulting impairment loss on the Company's investment in subsidiaries recognised to be appropriate.</p>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REVEZ CORPORATION LTD. (Incorporated in Singapore)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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 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, 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 financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the 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.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REVEZ CORPORATION LTD. (Incorporated in Singapore)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### *Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

- 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 consolidated 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Ng Chiou Gee Willy.

**MOORE STEPHENS LLP**  
Public Accountants and  
Chartered Accountants

Singapore

31 March 2022

## APPENDIX D – AUDITED FY2021 RESULTS

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	NOTE	GROUP	
		2021	2020
		S\$	S\$
<b>Revenue</b>	5(a)	7,529,009	6,622,935
Other income	7	1,485,199	1,571,377
Material costs and changes in inventories – cost of inventories sold		(2,881,995)	(3,306,961)
Salaries and employees' benefits	8	(4,677,608)	(3,863,151)
Depreciation of property, plant and equipment and investment property		(770,399)	(374,289)
Impairment of goodwill	16	(1,650,000)	–
Amortisation of intangible assets		(131,376)	(32,844)
Trade receivables written off		(13,471)	(40,170)
(Impairment loss)/Reversal of impairment loss on trade receivables and contract assets, net		(57,832)	230,699
Other operating expenses		(961,553)	(818,120)
Finance costs	9	(87,821)	(21,193)
<b>(Loss) before income tax</b>	10	(2,217,847)	(31,717)
Income tax	11(a)	22,114	(80,586)
<b>(Loss) for the year</b>		(2,195,733)	(112,303)
Other comprehensive income		–	–
<b>Total comprehensive (loss) for the year</b>		(2,195,733)	(112,303)
<b>(Loss)/Profit for the year attributable to:</b>			
Owners of the Company		(1,932,879)	97,846
Non-controlling interests		(262,854)	(210,149)
		(2,195,733)	(112,303)
<b>Total comprehensive (loss)/income for the year attributable to:</b>			
Owners of the Company		(1,932,879)	97,846
Non-controlling interests		(262,854)	(210,149)
		(2,195,733)	(112,303)
<b>(Loss)/Earnings per share:</b>			
Basic and Diluted (cents per share)	12	(1.15)	0.06

The accompanying notes form an integral part of these financial statements

## APPENDIX D – AUDITED FY2021 RESULTS

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	NOTE	GROUP	
		2021	2020
		S\$	S\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	3,507,660	1,840,615
Investment property	14	–	644,803
Goodwill	16	1,666,655	3,316,655
Intangible assets	17	492,653	624,029
		5,666,968	6,426,102
<b>Current assets</b>			
Inventories	18	132,087	95,385
Trade and other receivables	19	1,575,364	2,240,355
Contract assets	5(b)	230,424	443,965
Cash and bank balances	20	3,317,378	4,695,335
		5,255,253	7,475,040
Non-current asset classified as held-for-sale	21	615,499	–
		5,870,752	7,475,040
		11,537,720	13,901,142
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	18,713,062	18,713,062
Merger reserve	23	137,500	137,500
Accumulated losses		(13,161,995)	(11,229,116)
<b>Equity attributable to owners of the Company</b>		5,688,567	7,621,446
Non-controlling interests	24	393,847	699,131
Total equity		6,082,414	8,320,577
<b>Non-current liabilities</b>			
Loans and borrowings	26	1,844,074	1,197,557
Deferred tax liabilities	11(b)	83,750	106,085
		1,927,824	1,303,642
<b>Current liabilities</b>			
Trade and other payables	25	1,864,478	2,541,460
Contract liabilities	5(b)	369,896	233,905
Loans and borrowings	26	1,293,108	309,318
Other financial liabilities	27	–	1,026,744
Provision for income tax		–	165,496
		3,527,482	4,276,923
		5,455,306	5,580,565
<b>Total liabilities</b>		5,455,306	5,580,565
<b>Total equity and liabilities</b>		11,537,720	13,901,142

The accompanying notes form an integral part of these financial statements

## APPENDIX D – AUDITED FY2021 RESULTS

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	NOTE	COMPANY	
		2021	2020
		S\$	S\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Other receivables	19	604,624	–
Investment in subsidiaries	15	7,579,650	38,160,250
		8,184,274	38,160,250
<b>Current assets</b>			
Other receivables	19	535,176	133,313
Cash and bank balances	20	1,873,026	2,877,730
		2,408,202	3,011,043
<b>Total assets</b>		10,592,476	41,171,293
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	62,030,012	62,030,012
Accumulated losses		(51,490,777)	(22,146,084)
<b>Total equity</b>		10,539,235	39,883,928
<b>Current liabilities</b>			
Trade and other payables	25	53,241	258,868
Other financial liabilities	27	–	1,026,744
Provision for income tax		–	1,753
		53,241	1,287,365
<b>Total liabilities</b>		53,241	1,287,365
<b>Total equity and liabilities</b>		10,592,476	41,171,293

The accompanying notes form an integral part of these financial statements

## APPENDIX D – AUDITED FY2021 RESULTS

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

← ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY →

	SHARE CAPITAL	MERGER RESERVE	ACCUMULATED LOSSES	ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Group</b>						
<b>At 1 January 2021</b>	18,713,062	137,500	(11,229,116)	7,621,446	699,131	8,320,577
(Loss) for the year	-	-	(1,932,879)	(1,932,879)	(262,854)	(2,195,733)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss) for the year	-	-	(1,932,879)	(1,932,879)	(262,854)	(2,195,733)
Disposal of a subsidiary (Note 15(e))	-	-	-	-	(42,430)	(42,430)
<b>At 31 December 2021</b>	18,713,062	137,500	(13,161,995)	5,688,567	393,847	6,082,414

The accompanying notes form an integral part of these financial statements

## APPENDIX D – AUDITED FY2021 RESULTS

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	← ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY →			ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	MERGER RESERVE	ACCUMULATED LOSSES	\$	\$	\$
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Group</b>						
<b>At 1 January 2020</b>	18,713,062	137,500	(11,326,962)	7,523,600	234,630	7,758,230
Profit/(Loss) for the year	-	-	97,846	97,846	(210,149)	(112,303)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	97,846	97,846	(210,149)	(112,303)
Partial disposal of interest in a subsidiary to non-controlling interests (Note 15(c))	-	-	-	-	674,650	674,650
<b>At 31 December 2020</b>	<b>18,713,062</b>	<b>137,500</b>	<b>(11,229,116)</b>	<b>7,621,446</b>	<b>699,131</b>	<b>8,320,577</b>

The accompanying notes form an integral part of these financial statements

## APPENDIX D – AUDITED FY2021 RESULTS

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	GROUP	
	2021	2020
	S\$	S\$
<b>Cash Flows from Operating Activities</b>		
(Loss) before income tax	(2,217,847)	(31,717)
Adjustments for:		
Depreciation of property, plant and equipment	741,095	344,985
Depreciation of investment property	29,304	29,304
Impairment of goodwill	1,650,000	–
Amortisation of intangible assets	131,376	32,844
Loss on disposal of property, plant and equipment	–	11,517
Loss on disposal of a subsidiary	29,161	–
Property, plant and equipment written off	–	26,737
Impairment loss/(Reversal of impairment loss) on trade receivables and contract assets, net	57,832	(230,699)
Trade receivables written off	13,471	40,170
Allowance for inventory obsolescence	11,025	112,128
Fair value gain on contingent consideration payable	(1,026,744)	(573,256)
Interest income	(2,745)	(44,942)
Interest expense	87,821	21,193
Operating cash flow before working capital changes	(496,251)	(261,736)
Change in working capital:		
Inventories	(49,792)	6,936
Trade and other receivables	495,409	(355,077)
Contract assets	228,034	410,889
Trade and other payables	(649,199)	1,088,615
Contract liabilities	174,801	148,925
Cash (used in)/generated from operations	(296,998)	1,038,552
Interest received	2,745	44,942
Income tax paid	(165,717)	(52,642)
<b>Net cash (used in)/generated from operating activities</b>	(459,970)	1,030,852
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(2,448,492)	(441,216)
Proceeds from disposal of property, plant and equipment	–	8,411
Decrease in bank deposits with maturity period of more than 3 months	1,850,000	3,050,000
Net cash outflow on acquisition of a subsidiary (Note 15(d))	–	(2,135,229)
Net cash outflow on disposal of a subsidiary (Note 15(e))	(14,511)	–
<b>Net cash (used in)/generated from investing activities</b>	(613,003)	481,966

The accompanying notes form an integral part of these financial statements

## APPENDIX D – AUDITED FY2021 RESULTS

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	GROUP	
	2021	2020
	S\$	S\$
<b>Cash Flows from Financing Activities</b>		
Partial disposal of interest in a subsidiary to non-controlling interests	–	340,000
Dividends paid to former shareholders	–	(887,987)
Proceeds from bank borrowings	2,002,809	–
Repayment of bank borrowings	(85,401)	(30,629)
Principal payment of lease liabilities	(284,571)	(160,098)
Repayment of finance lease liability	–	(3,050)
Interest paid	(87,821)	(21,193)
<b>Net cash generated from/(used in) financing activities</b>	<b>1,545,016</b>	<b>(762,957)</b>
<b>Net increase in cash and cash equivalents</b>	472,043	749,861
<b>Cash and cash equivalents at the beginning of year</b>	2,845,335	2,095,474
<b>Cash and cash equivalents at the end of year (Note 20)</b>	<b>3,317,378</b>	<b>2,845,335</b>

The accompanying notes form an integral part of these financial statements

## APPENDIX D – AUDITED FY2021 RESULTS

### CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The reconciliation of movements of the liabilities to cash flows arising from financing activities is presented below.

	CASH FLOWS			← NON-CASH CHANGES →			AT 31 DECEMBER 2021
	AT 1 JANUARY 2021	PROCEEDS	REPAYMENTS	ADDITIONS OF LEASE LIABILITIES	INTEREST EXPENSE	DISPOSAL OF A SUBSIDIARY (NOTE 15(E))	
	S\$						
Lease liabilities	827,369	-	(321,833)	22,195	37,262	(24,725)	540,268
Bank borrowings	679,506	2,002,809	(135,960)	-	50,559	-	2,596,914

	CASH FLOWS			← NON-CASH CHANGES →			AT 31 DECEMBER 2020
	AT 1 JANUARY 2020	PROCEEDS	REPAYMENTS	ADDITIONS OF LEASE LIABILITIES	INTEREST EXPENSE	IN LIEU OF SETTLEMENT	
	S\$						
Dividend payable	950,000	-	(887,987)	-	-	(62,013)	-
Lease liabilities	65,237	-	(165,069)	922,230	4,971	-	827,369
Finance lease liability	3,050	-	(3,404)	-	354	-	-
Bank borrowings	710,135	-	(46,497)	-	15,868	-	679,506

The accompanying notes form an integral part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

## 1 GENERAL INFORMATION

Revez Corporation Ltd. (the "Company") is a public limited liability company incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's registered office and principal place of business is at 29 Media Circle, #03-13 Alice@Mediapolis, Singapore 138565.

The immediate and ultimate holding company is L3N Capital Pte. Ltd., incorporated in Singapore. The ultimate controlling parties of the Group are Neo Wee Han Victor, Lim Kian Sing and Liang Xingfen (Spouse of Lee Han Chong) (collectively, the "Controlling Shareholders").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 15.

## 2 APPLICATION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)S")

### (a) Adoption of New and Revised Standards

The accounting policies adopted are consistent with those of the previous financial year except that on 1 January 2021, the Group has adopted the following new and revised standards that are relevant to the Group and are mandatory for application for the current financial year:

#### DESCRIPTION

Amendments to SFRS(I) 16 *COVID-19 Related Rent Concessions*

Amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2*

The adoption of these new and revised standards above did not result in substantial changes to the Group's accounting policies and had no material effect on the disclosures or amounts reported in these financial statements, except as disclosed below.

#### *Interest Rate Benchmark Reform – Phase 2*

The Group has adopted the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2* effective 1 January 2021. In accordance with the transition provisions, the amendments shall be applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

#### Hedge relationships

The Phase 2 amendments address issues arising during interest rate benchmark reform ("IBOR reform"), including specifying when hedge designations and documentation should be updated, and when amounts accumulated in cash flow hedge reserve should be recognised in profit or loss.

The Group does not have any hedges.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2 APPLICATION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) (“SFRS(I)S”) (CONT’D)

(a) Adoption of New and Revised Standards (cont’d)

Financial instruments measured at amortised cost and lease liabilities

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities (see below).

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. If lease modifications are made in addition to those required by IBOR reform, the Group applies the relevant SFRS(I) 16 requirements to account for the entire lease modification, including those changes required by IBOR reform.

For the financial year ended 31 December 2021, the Group has applied the practical expedients provided under Phase 2 to amendments to S\$650,160 of its bank borrowing – property loan, as disclosed in Note 26.

Effect of IBOR reform

Following the global financial crisis, the reform and replacement inter-bank offered rates (“IBOR”) has become a priority for global regulators. The Group’s risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate bank borrowings that are linked to the 3-month Singapore Interbank Offered Rate (“3M SIBOR”).

3M SIBOR will discontinue in three to four years from the date of announcement of “Joint Industry Consultation on the SIBOR Reform and a Shift to A SORA-centered SGD Interest Rate Market” (i.e. SIBOR could end sometime in 2024), and it is expected to be replaced by the Singapore Overnight Rate Average (“SORA”). The Group has a variable rate SGD bank borrowings which references to SIBOR and matures after 30 June 2023. The expected transition from SIBOR to SORA had no effect on the amounts reported for the current and prior financial years.

The following table contains details of all the financial instruments that the Group holds as at 31 December 2021 which are referenced to SIBOR and have not yet transitioned to new benchmark rates:

	3M SIBOR	
	CARRYING AMOUNT	OF WHICH: NOT YET TRANSITED TO AN ALTERNATIVE BENCHMARK RATE
	S\$	S\$
<b>Group</b>		
<u>31 December 2021</u>		
Liabilities		
- Bank borrowings – property loan	650,160	650,160

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2 APPLICATION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) (“SFRS(I)S”) (CONT’D)

### (b) New and Revised Standards Issued but Not Yet Effective

At the date of authorisation of these financial statements, the Group has not adopted the following new and revised standards that have been issued and are relevant to the Group but not yet effective:

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
Amendments to SFRS(I) 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to SFRS(I) 3 <i>Business Combinations - Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s Standards 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 10 <i>Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors of the Company do not expect that the adoption of these new and revised standards above will have a material impact on the financial statements in the period of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with the provisions of the Singapore Companies Act 1967 and SFRS(I)s. The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

(b) Group Accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the fair value of the fair value of the investee's identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Gains and losses on the disposal of subsidiaries, include the carrying amount of goodwill relating to the subsidiary sold.

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether an integrated set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create output. The Group has an option to apply a 'fair value concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the Group elects not to apply the test, a detailed assessment must be performed applying the normal requirements in SFRS(I) 3.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the total of consideration transferred, non-controlling interest recognised and previously-held interest measured is less than the fair value of the net assets of the subsidiary acquired as in the case of a bargain purchase, the difference is recognised directly in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Group Accounting (cont'd)

#### Subsidiaries (cont'd)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of interests in subsidiaries to non-controlling interests without loss of control are also recorded in equity.

When the Group loses control of a subsidiary, it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference in profit or loss.

### (c) Investments in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

### (d) Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

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.

#### Service contracts

A service contract is a contract specifically negotiated for the provision of professional Information Technology ("IT") services, including sales of hardware and/or software products as required under the relevant contract terms.

The Group is restricted contractually from providing the immersive & interactive multimedia solutions for another use as they are being installed and has an enforceable right to payment for milestones delivered to date. Revenue is recognised over time based on the delivery of the milestones promised under the service contract.

If the value of the services rendered by the Group exceed the amounts invoiced, a contract asset is recognised. If the amounts invoiced exceed the value of the services rendered, a contract liability is recognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Revenue Recognition (cont'd)

Distribution of IT products

Revenue from distribution of IT products is recognised at a point in time when control of the products has been transferred to the customer, being when the license of the products is delivered to the customer.

Industrial automation goods

Revenue from the sale of industrial automation goods is recognised at a point in time when control of the goods has been transferred, being when the goods are delivered to the customer.

Marketing and exhibition support services

Revenue from marketing and exhibition support services is recognised at a point in time when the services have been performed and rendered.

Digital media services

Revenue from digital media services is recognised over time based on the period when the services have been performed and rendered.

(e) Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately under other income in profit or loss.

Government grants relating to assets are deducted against the carrying amount of the assets.

(f) Foreign Currencies

Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates ("functional currency").

The Company's functional currency is Singapore Dollar ("S\$"), which reflects the economic substance of the underlying events and circumstances of the Company. For the purposes of the consolidated financial statements, the results and financial position of each entity in the Group are expressed in S\$, which is the presentation currency for the consolidated financial statements.

Transactions and balances

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### (h) Employee Benefits

#### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

#### Share-based compensation

The Group operates an equity-settled share-based compensation plan. Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

### (i) Income Tax

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

#### Current tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

#### Deferred tax

Deferred tax is recognised on temporary 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.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Income Tax (cont'd)

Deferred tax (cont'd)

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount 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.

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current and deferred tax arises from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

(j) Property, Plant and Equipment

Measurement

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost 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 if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation

Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives, using the straight-line method.

The following useful lives are used in the calculation of depreciation:

Office properties	2 - 3 years
Computers	3 - 5 years
Furniture and fittings	5 years
Motor vehicle	8 years
Office equipment	5 years
Renovation	5 years
Media equipment	5 years

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Property, Plant and Equipment (cont'd)

#### Depreciation (cont'd)

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

The residual value, useful life and depreciation method are reviewed at each financial year and adjusted as appropriate at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

#### Subsequent expenditure

Subsequent expenditure related to property, plant and equipment that has been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

### (k) Investment Property

Investment property held for long-term rental yields and/or for capital appreciation, is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using a straight-line method to allocate the depreciable amount over the estimated useful life of 30 years. The residual value, useful life and depreciation method of investment property is reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of retirement or disposal.

### (l) Intangible Assets

Intangible assets acquired separately are measured initially at cost. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least once at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in profit or loss when the intangible asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Intangible Assets (cont'd)

Customer relationships

Acquired customer relationships is carried at cost less accumulated amortisation and accumulated impairment losses (if any). The customer relationships is amortised to profit or loss using the straight-line method over its estimated useful life of 5 years.

Software system

Acquired software system is carried at cost less accumulated amortisation and accumulated impairment losses (if any). The software system is amortised to profit or loss using the straight-line method over its estimated useful life of 5 years.

(m) Impairment of Non-financial Assets

Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated, from the acquisition date, to each of the Group's cash-generating-units ("CGUs") or groups of CGUs, that are expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Other non-financial assets

Other non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an 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), on an individual asset.

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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Impairment of Non-financial Assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### (n) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined using the weighted average method.

The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Allowance is made for obsolete, slow moving and defective inventories.

### (o) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, and deposits with financial institutions (exclude bank deposits with a maturity of more than 3 months) which are subject to an insignificant risk of change in value.

### (p) Financial Assets

#### Classification

#### i. Debt instruments

Financial assets that are debt instruments are classified into categories based on the Group's business model for managing them and their contractual cash flow characteristics.

- Financial Assets measured at Amortised Cost (AC) comprise of assets that are held within a business model whose objective is to hold those assets for collection of contractual cash flows, and those contractual cash flows represent solely payments of principal and interest.
- Financial Assets measured at Fair Value through Other Comprehensive Income (FVOCI) comprise of assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling those assets, and those contractual cash flows represent solely payments of principal and interest.
- Financial Assets measured at Fair Value through Profit and Loss (FVPL) comprise of assets that do not qualify for AC and FVOCI. Assets that would otherwise qualify for AC or FVOCI may also be designated as FVPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that arises from measuring assets and liabilities on an inconsistent basis.

#### ii. Equity instruments

Financial assets that are equity instruments comprise mainly of investments in equity securities. The Group classifies these assets as FVPL, except for those that the Group has designated as FVOCI. The FVOCI designation is irrevocable, and is not permitted for held-for-trading financial assets and financial assets that represent contingent consideration in a business combination.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial Assets (cont'd)

Classification (cont'd)

ii. Equity instruments (cont'd)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Initial measurement

Trade receivables that do not contain a significant financing component are initially recognised at their transaction price. Other financial assets are initially recognised at fair value, plus, for financial assets that are not at FVPL, transaction costs that are directly attributable to their acquisition. Transaction costs of financial assets at FVPL are expensed in profit and loss.

Subsequent measurement

i. Debt instruments

*AC*

These financial assets are subsequently measured at amortised cost using the effective interest method unless they are part of a designated hedging relationship. Impairment losses and reversals, interest income, and foreign exchange gains and losses (except where designated as a hedging instrument) on such assets are recognised in profit and loss. Interest income is based on the effective interest method which allocates interest income over the life of the financial asset based on an effective interest rate that discounts estimated future cash receipts to its gross carrying amount.

*FVOCI*

These financial assets are subsequently measured at fair value. Impairment losses and reversals, interest income based on the effective interest method, and foreign exchange gains and losses (except where designated as a hedging instrument) on such assets are recognised in profit and loss. Any remaining fair value movements are recorded in other comprehensive income.

*FVPL*

These financial assets are subsequently measured at fair value. All fair value movements are recorded in profit and loss.

ii. Equity instruments

Subsequent to initial recognition, all equity investments are measured at fair value. Changes in the fair value of FVPL equity investments are recognised in profit and loss, while changes in the fair value of FVOCI equity investments are recognised in other comprehensive income. All dividend income is recognised in profit and loss, except for dividends from FVOCI equity investments that clearly represent a recovery of the cost of investment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Financial Assets (cont'd)

#### Impairment

At each reporting date, the Group assesses expected credit losses (ECL) on the following financial instruments:

- Financial assets that are debt instruments measured at AC and FVOCI;
- Contract assets; and
- Financial guarantee contracts.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all shortfalls between the cash flows due to the Group in accordance with contractual terms, and the cash flows that the Group actually expects to receive. ECL is discounted at the effective interest rate of the financial asset. The Group records allowances on financial assets based on either the:

- 12-month ECL – representing the ECL that results from default events that are possible within the 12 months after the reporting date (or the expected life of the instrument if shorter); or
- Lifetime ECL – representing the ECL that results from all possible default events over the expected life of the contract.

#### *Simplified approach - Trade receivables and contract assets*

For all trade receivables and contract assets, the Group adopts a simplified approach whereby an allowance for lifetime ECL is assessed upon initial recognition. The Group estimates lifetime ECL using a provision matrix based on historical credit loss experience, adjusted for various factors including debtor-specific factors, forward-looking information such as industry and economic forecasts, and others as appropriate.

#### *General approach – All other financial instruments on which ECL assessment is required*

For all other financial instruments on which ECL is assessed, an allowance for 12-month ECL is recorded upon initial recognition. The allowance is increased to lifetime ECL if the credit risk at each reporting date has increased significantly as compared to the credit risk at initial recognition. In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group considers all reasonable and supportable information that is relevant and available without undue cost or effort including both historical credit experience and forward-looking information.

The Group regards the following as events of default:

- events that make it unlikely for the borrower to repay in full unless the Group undertakes actions to recover the asset (e.g. by exercising rights over collaterals or other credit enhancements); or
- the financial instrument has become overdue in excess of 2 years.

#### *Credit-impaired financial instruments*

At each reporting date, the Group assesses whether a financial instrument on which ECL assessment is required has become credit-impaired. This is the case when one or more events have occurred that are considered to be detrimental to the estimated future cash flows of the instrument. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- other lenders granting concessions (such as loan restructurings) to the borrower due to economic or contractual reasons, that would not have been considered in the absence of the borrower's financial difficulty;
- increasing likelihood that the borrower will enter bankruptcy or other financial re-organisation; and
- the disappearance of an active market for the borrower's securities due to financial difficulties.

For credit-impaired financial assets, interest income is determined by applying the effective interest rate to the net carrying amount of the financial asset (after deduction of the ECL allowance).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Financial Assets (cont'd)

#### Impairment (cont'd)

##### *Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, such as when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the profit and loss.

#### Recognition and derecognition

Financial assets are recognised when, and only when the Group becomes a party to its contractual provisions. All regular way purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the financial asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership 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 received.

On derecognition of a financial asset that is a debt instrument, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss. In addition, for a financial asset that is a debt instrument at FVOCI, the cumulative gain or loss previously accumulated in the fair value adjustment reserve is reclassified to profit and loss.

On derecognition of an equity investment at FVPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss. For equity investments at FVOCI, this difference is instead recognised directly in equity as part of retained earnings. Cumulative gains and losses previously accumulated in equity are also transferred directly to retained earnings upon derecognition of FVOCI equity investments.

### (q) Financial Liabilities

#### Financial liabilities

The Group recognises financial liabilities on its consolidated statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instruments.

Financial liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability. All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the reporting period.

##### *Financial liabilities at FVPL*

Financial liability that is a contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies is classified as financial liabilities at FVPL. Financial liabilities at FVPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Financial Liabilities (cont'd)

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they have expired. The difference between the carrying amount of a financial liability that has been derecognised and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### (r) Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the financial assets and settle the financial liabilities simultaneously.

### (s) Leases

#### When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets (except for those which meets the definition of an investment property) in "Property, plant and equipment" and lease liabilities in "Loans and borrowings" in the consolidated statement of financial position. Right-of-use assets which meet the definition of an investment property are presented within "Investment property" and accounted for in accordance with Note 3(k).

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

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

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Leases (cont'd)

When the Group is the lessee (cont'd)

Lease liabilities are measured at amortised cost, and are remeasured when:

- there is a change in future lease payments arising from changes in an index or rate;
- there is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

Short-term leases and leases of low-value assets

The Group applies the exemption for all short-term leases (up to 12 months) and low-value assets on a lease-by-lease basis. All lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

When the Group is the lessor

Lessor - operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognised as income in profit or loss when earned.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 reporting period, 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 (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.

(u) Financial Guarantees

Financial guarantees in the separate financial statements

The Company has issued corporate guarantees to a bank for bank borrowings of its subsidiary. These guarantees are financial guarantees as they require the Company to reimburse the bank if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the bank borrowings. Intra-group transactions are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (u) Financial Guarantees (cont'd)

#### Financial guarantees in the separate financial statements (cont'd)

Financial guarantees are measured initially at their fair values plus transaction costs and subsequently measured at the higher of:

- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- the amount of loss allowance determined in accordance with expected credit loss model under SFRS(I) 9.

### (v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are charged to equity.

### (w) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

### (x) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive management whose members are responsible for allocating resources and assessing performance of the operating segments.

### (y) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the "reporting entity").

- a. A person or a close member of that person's family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to a reporting entity if any of the following conditions applies:
  - i. the entity and the reporting entity 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;
  - v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  - 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); or
  - 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- (z) Non-current assets (or disposal group) classified as held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale or distribution if their carrying amount will be recovered through a sale transaction or distribution rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria set out above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (or disposal groups) classified as held for sale (held for distribution) are measured at the lower of the assets' previous carrying amount and fair value less cost to sell (fair value less costs to distribute).

The assets are not depreciated or amortised while they are classified as held-for-sale. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and;

- i. represents a separate major line of business or geographical area of operations; or
- ii. is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- iii. is a subsidiary acquired exclusively with a view to resale.

When a component of an entity qualifies as a discontinued operation, the comparative statement of comprehensive income is retrospectively restated to segregate the results of all operations that have been discontinued by the end of the latest reporting period.

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3 above, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

- (a) Critical judgements in applying the accounting policies

### Revenue recognition for service contracts

The Group provides professional Information Technology ("IT") services, including sales of hardware and/or software products as required under the relevant contract terms. Revenue from service contracts is recognised over time based on the delivery of the milestones promised under the service contract. Management has assessed that the delivery of contract milestone is representative of the goods or services that are transferred to the customer promised under the service contract.

Further details of the Group's revenue from service contracts are disclosed in Note 5.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key sources of estimation uncertainty

Loss allowance for trade receivables and contract assets

The Group measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime expected credit losses ("ECLs"). The ECLs on trade receivables are estimated using a provision matrix which involves grouping receivables based on characteristics which have historically influenced asset recoverability, such as credit ratings, customer-industry group and customer geography, and applying a historic provision rate which is based on days past due for groupings of various customer segments that have similar loss patterns. In devising such a provision matrix, the Group uses its historical credit loss experience with forward-looking information (adjusted as necessary to reflect current conditions and forecast economic conditions) to estimate the lifetime expected credit losses on the trade receivables and contract assets. At every reporting date, the historical default rates are updated and the impact of forward-looking information is re-analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Information about the ECLs on the Group's trade receivables and contract assets are disclosed in Note 32(a). The carrying amounts of the Group's trade receivables and contract assets at the reporting date are disclosed in Notes 19 and 5(b), respectively.

Impairment of goodwill

For the purpose of impairment testing, the recoverable amount of the cash-generating unit ("CGU") to which goodwill has been allocated to is determined based on its value in use ("VIU"). Estimating the VIU requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in the estimation of the VIU including the sensitivity analysis are disclosed in Note 16.

The carrying amount of the Group's goodwill and the impairment loss recognised at the reporting date are disclosed in Note 16.

Valuation of contingent consideration payable

Management re-measures the Company's contingent consideration payable at each reporting date to determine the fair value of the contingent consideration payable. The fair value of the contingent consideration payable is determined based on the assessment of the post-acquisition performance of the acquired business. Estimating the post-acquisition performance of the acquired business requires the Company to make an estimate of the financial projections and the key assumptions used in the estimation of the financial projections are disclosed in Note 27.

The carrying amount of the Group's contingent consideration payable and the fair value changes recognised at the reporting date are disclosed in Note 27.

Impairment of investment in subsidiaries

Management reviews the Company's investment in subsidiaries at each reporting date to determine whether there is any indication that the investment may be impaired. If any such indication exists, an impairment assessment will be performed accordingly. The recoverable amount of the investment is determined based on the value in use ("VIU") of the relevant cash-generating unit ("CGU") or group of CGUs. Estimating the VIU requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in the estimation of the VIU including the sensitivity analysis are disclosed in Note 15(f).

The carrying amount of the Company's investment in subsidiaries and the allowance for impairment loss at the reporting date are disclosed in Note 15.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 5 REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the delivery of the following goods and services and the Group's revenues are predominantly attributed to Singapore:

	GROUP	
	2021	2020
	S\$	S\$
<u>Revenue – Timing of revenue recognition</u>		
Revenue from service contracts – Over time	2,634,615	5,146,701
Revenue from distribution of IT products – At a point in time	1,472,813	–
Revenue from sale of industrial automation goods – At a point in time	1,040,067	590,412
Revenue from marketing and exhibition support services – At a point in time	181,034	418,403
Revenue from digital media services – Over time	2,200,480	467,419
	7,529,009	6,622,935

(b) Contract balances

	GROUP	
	2021	2020
	S\$	S\$
<u>Contract assets</u>		
Service contracts	230,749	458,783
Less: Loss allowance	(325)	(14,818)
	230,424	443,965
<u>Contract liabilities</u>		
Service contracts	369,896	233,905

Contract assets relate to the Group's right to consideration for work completed on service contracts but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer.

Contract liabilities relate to the Group's obligation to transfer goods or services to customer for which the Group has yet to transfer the goods or services to the customer promised in the service contracts but billed at the reporting date. Contract liabilities are recognised as revenue as the Group performs under the service contracts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 5 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(b) Contract balances (cont'd)

Significant changes in contract assets and contract liabilities balances during the financial year are disclosed as follows:

	GROUP	
	2021	2020
	S\$	S\$
<b>Contract assets</b>		
Contract assets reclassified to trade receivables	(413,923)	(556,805)
Performance obligations have been satisfied but not billed at reporting date	185,889	207,520
Reversal of impairment loss/(Impairment loss) on contract assets (Note 32(a))	14,493	(11,455)
<b>Contract liabilities</b>		
Performance obligations have not been satisfied but billed at reporting date	347,396	233,905
Contract liabilities recognised as revenue	(172,595)	(64,875)
Disposal of a subsidiary (Note 15(e))	(38,810)	–

## 6 SEGMENT INFORMATION

The Group has determined the operating segments based on the internal reports reviewed by the executive management, principally the Chief Executive Officer, who is responsible for allocating resources and assessing performance of the operating segments.

The Group's reportable operating segments are as follows:

- IT Solutions  
IT Solutions segment includes design and development of integrated suite of solutions from Meta Experience ("Meta") (formerly known as "Multimedia"), Information Technology ("IT") (formerly known as "Infocomm Technology"), Cybersecurity and Industrial Automation.
- Meetings, Incentive, Conferences, Exhibitions ("MICE")  
MICE segment provides design and build installation support to its solutions when these IT solutions are required to be installed in showrooms, exhibition halls, product launches and customer service centers.
- Digital Media Networks  
Digital media networks segment includes creating, owning and implementing digital media solutions and media networks.
- Corporate  
Corporate segment consists of investment holding company which does not meet any of the quantitative threshold for determining a reportable operating segment.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 6 SEGMENT INFORMATION (CONT'D)

The accounting policies of the reportable operating segments are the same as described in Note 3. Information regarding the results of each reportable operating segment is included below. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on mutually agreed terms.

Information about operating segments

	IT SOLUTIONS	MICE	DIGITAL MEDIA NETWORKS	CORPORATE	TOTAL
	S\$	S\$	S\$	S\$	S\$
<b>Group</b>					
<b>2021</b>					
<i>Revenue</i>					
Total revenue	5,251,938	204,234	2,200,480	–	7,656,652
Inter-segment revenue	(104,443)	(23,200)	–	–	(127,643)
External revenue	5,147,495	181,034	2,200,480	–	7,529,009
<i>Results</i>					
(Loss)/Profit before income tax	(1,203,806)	(157,496)	(1,538,079)	681,534	(2,217,847)
Income tax	(1,974)	–	22,335	1,753	22,114
(Loss)/Profit for the year	(1,205,780)	(157,496)	(1,515,744)	683,287	(2,195,733)
<i>Assets and liabilities</i>					
Segment assets	3,981,809	–	5,657,602	1,898,309	11,537,720
Segment liabilities	(3,196,587)	–	(2,202,478)	(56,241)	(5,455,306)
<i>Other segment information</i>					
Expenditure for property, plant and equipment	(110,229)	(3,797)	(2,356,661)	–	(2,470,687)
Other non-cash items:					
Depreciation of property, plant and equipment and investment property	(424,860)	(49,467)	(296,072)	–	(770,399)
Impairment of goodwill	–	–	(1,650,000)	–	(1,650,000)
Amortisation of intangible assets	–	–	(131,376)	–	(131,376)
Impairment loss on trade receivables and contract assets, net	(42,966)	(5,279)	(9,587)	–	(57,832)
Allowance for inventory obsolescence	(11,025)	–	–	–	(11,025)
Trade receivables written off	–	–	(13,471)	–	(13,471)
Fair value gain on contingent consideration payable	–	–	–	1,026,744	1,026,744

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 6 SEGMENT INFORMATION (CONT'D)

*Information about operating segments (cont'd)*

	IT SOLUTIONS	MICE	DIGITAL MEDIA NETWORKS	CORPORATE	TOTAL
	S\$	S\$	S\$	S\$	S\$
<b>Group</b>					
<b>2020</b>					
<i>Revenue</i>					
Total revenue	5,915,970	445,549	467,419	–	6,828,938
Inter-segment revenue	(178,857)	(27,146)	–	–	(206,003)
External revenue	5,737,113	418,403	467,419	–	6,622,935
<i>Results</i>					
(Loss)/Profit before income tax	(491,541)	(107,829)	37,923	529,730	(31,717)
Income tax	(84,416)	–	–	3,830	(80,586)
(Loss)/Profit for the year	(575,957)	(107,829)	37,923	533,560	(112,303)
<i>Assets and liabilities</i>					
Segment assets	5,419,798	406,514	5,174,360	2,900,470	13,901,142
Segment liabilities	(3,044,108)	(163,279)	(1,163,697)	(1,209,481)	(5,580,565)
<i>Other segment information</i>					
Expenditure for property, plant and equipment	(1,239,171)	(81,714)	(203,825)	–	(1,524,710)
Other non-cash items:					
Depreciation of property, plant and equipment and investment property	(264,378)	(74,142)	(35,769)	–	(374,289)
Amortisation of intangible assets	–	–	(32,844)	–	(32,844)
Reversal of impairment loss/ (impairment loss) on trade receivables and contract assets, net	234,132	16,140	(19,573)	–	230,699
Loss on disposal of property, plant and equipment	(11,517)	–	–	–	(11,517)
Property, plant and equipment written off	(26,737)	–	–	–	(26,737)
Allowance for inventory obsolescence	(112,128)	–	–	–	(112,128)
Trade receivables written off	(40,170)	–	–	–	(40,170)
Fair value gain on contingent consideration payable	–	–	–	573,256	573,256

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6 SEGMENT INFORMATION (CONT'D)

### Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the entities of the Group which the goods and services are provided. Segment non-current assets are based on the geographical location of the assets.

The Group's revenues from external customers were predominantly attributed to Singapore, while the revenues from external customers attributed to an individual foreign country were accounted for less than 10% of the total revenues of the Group.

The Group's non-current assets for the financial years ended 31 December 2021 and 2020 were wholly attributed to Singapore.

### Information about major customers

There was no single external customer which contributed 10% or more to the Group's total revenue (2020: Revenues totalling S\$1,936,417 were derived from 2 external customers, where each external customer contributed 10% or more of the Group's total revenue. These revenues are attributable to the IT Solutions segment).

## 7 OTHER INCOME

	GROUP	
	2021	2020
	S\$	S\$
Interest income	2,745	44,942
Government grants	387,949	882,757
Operating lease rental income - investment property	17,400	34,421
Fair value gain on contingent consideration payable (Note 27)	1,026,744	573,256
Miscellaneous income	50,361	36,001
	1,485,199	1,571,377

## 8 SALARIES AND EMPLOYEES' BENEFITS

	GROUP	
	2021	2020
	S\$	S\$
Salaries and bonuses*	4,102,336	3,328,375
Contributions to defined contribution plans*	436,561	355,991
Directors' fees*	108,808	173,000
Other staff related costs	29,903	5,785
	4,677,608	3,863,151

\* Included in the amounts disclosed above are directors' and key management personnel remuneration as disclosed in Note 29.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 9 FINANCE COSTS

	GROUP	
	2021	2020
	S\$	S\$
Interest on finance lease liability	–	354
Interest on lease liabilities	37,262	4,971
Interest on bank borrowings	50,559	15,868
	87,821	21,193

### 10 (LOSS) BEFORE INCOME TAX

	GROUP	
	2021	2020
	S\$	S\$
The following items have been included in arriving at (loss) before income tax:		
Audit fee – auditors of the Company	87,000	96,000
Non-audit fee - auditors of the Company	–	–
Depreciation of property, plant and equipment	741,095	344,985
Depreciation of investment property	29,304	29,304
Depreciation of property, plant and equipment and investment property	770,399	374,289
Impairment of goodwill	1,650,000	–
Loss on disposal of property, plant and equipment	–	11,517
Loss on disposal of a subsidiary	29,161	–
Property, plant and equipment written off	–	26,737
Amortisation of intangible assets	131,376	32,844
Allowance for inventory obsolescence	11,025	112,128
Trade receivables written off	13,471	40,170
Foreign exchange loss, net	4,261	5,046
Legal and professional fees	293,161	227,035

### 11 INCOME TAX

(a) Current income tax

	GROUP	
	2021	2020
	S\$	S\$
Current income tax:		
- Current year	–	1,753
- Underprovision in respect of prior year	221	84,416
	221	86,169
Deferred tax:		
Deferred tax expense relating to the reversal temporary differences (Note 11(b))	(22,335)	(5,583)
	(22,114)	80,586

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 11 INCOME TAX (CONT'D)

(a) Current income tax (cont'd)

A reconciliation between income tax and the product of accounting (loss) multiplied by the applicable corporate tax rate for the financial year is as follows:

	2021 S\$	2020 S\$
(Loss) before income tax	(2,217,847)	(31,717)
Income tax using the statutory tax rate of 17% (2020: 17%)	(377,034)	(5,392)
Effects of:		
- Non-deductible expenses	304,442*	50,847
- Income not subject to tax	(177,394)	(221,359)
- Deferred tax benefits not recognised	227,651	172,074
- Underprovision in respect of prior year	221	84,416
	<u>(22,114)</u>	<u>80,586</u>

\* Mainly related to impairment of goodwill.

Deferred tax assets are recognised for unutilised tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unutilised tax losses and capital allowances of approximately S\$1,258,000 (2020: S\$963,000) and S\$1,044,000 (2020: Nil), respectively, at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain provisions of the relevant tax regulations. The unutilised tax losses and capital allowances have no expiry date. The related deferred tax benefits of these unutilised tax losses and capital allowances amounted to approximately S\$214,000 (2020: S\$164,000) and S\$177,000 (2020 Nil), respectively, have not been recognised in the financial statements at the reporting date.

(b) Deferred tax liabilities

Deferred tax liabilities arise from the following:

	GROUP		
	1 JANUARY 2021 S\$	(CREDITED) TO PROFIT OR LOSS S\$	31 DECEMBER 2021 S\$
Temporary differences:			
- Intangible assets	106,085	(22,335)	83,750

	GROUP			
	1 JANUARY 2020 S\$	ACQUISITION (NOTE 15(D)) S\$	(CREDITED) TO PROFIT OR LOSS S\$	31 DECEMBER 2020 S\$
Temporary differences:				
- Intangible assets	-	111,668	(5,583)	106,085

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 12 (LOSS)/EARNINGS PER SHARE

Basic/Diluted (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The (loss)/earnings and weighted average number of ordinary shares used in the calculation of basic/diluted (loss)/earnings per share are as follows:

	GROUP	
	2021	2020
(Loss)/Profit for the year attributable to equity owners of the Company (S\$)	(1,932,879)	97,846
Weighted average number of ordinary shares in issue applicable to basic/diluted (loss)/earnings per share	167,499,937	167,499,937
Basic/Diluted (loss)/earnings per share (cents per share)	(1.15)	0.06

### 13 PROPERTY, PLANT AND EQUIPMENT

	OFFICE PROPERTIES	COMPUTERS	FURNITURE AND FITTINGS	MOTOR VEHICLE	OFFICE EQUIPMENT	RENOVATION	MEDIA EQUIPMENT	TOTAL
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Group</b>								
<u>Cost</u>								
Balance at 1 January 2021	963,293	493,480	32,802	92,923	221,337	177,115	345,614	2,326,564
Additions	22,195	84,928	9,384	–	6,920	18,790	2,328,470	2,470,687
Write off	(17,774)	–	–	–	–	–	–	(17,774)
Disposal of a subsidiary (Note 15(e))	(81,714)	(109,442)	–	(92,923)	(1,400)	–	–	(285,479)
Balance at 31 December 2021	886,000	468,966	42,186	–	226,857	195,905	2,674,084	4,493,998
<u>Accumulated depreciation</u>								
Balance at 1 January 2021	140,080	182,719	980	66,788	69,178	5,904	20,300	485,949
Depreciation charge	329,352	72,606	9,155	7,744	58,119	41,506	222,613	741,095
Write off	(17,774)	–	–	–	–	–	–	(17,774)
Disposal of a subsidiary (Note 15(e))	(57,880)	(90,427)	–	(74,532)	(93)	–	–	(222,932)
Balance at 31 December 2021	393,778	164,898	10,135	–	127,204	47,410	242,913	986,338
<u>Net book value</u>								
At 31 December 2021	492,222	304,068	32,051	–	99,653	148,495	2,431,171	3,507,660

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	OFFICE PROPERTIES	COMPUTERS	FURNITURE AND FITTINGS	MOTOR VEHICLE	OFFICE EQUIPMENT	RENOVATION	MEDIA EQUIPMENT	TOTAL
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Group</b>								
<u>Cost</u>								
Balance at 1 January 2020	254,444	265,211	32,312	92,923	95,155	71,701	–	811,746
Additions	963,293	222,214	32,802	–	129,286	177,115	–	1,524,710
Acquisition through business combination (Note 15(d))	–	6,055	–	–	–	–	345,614	351,669
Disposals	–	–	(20,990)	–	–	(24,701)	–	(45,691)
Write off	(254,444)	–	(11,322)	–	(3,104)	(47,000)	–	(315,870)
Balance at 31 December 2020	963,293	493,480	32,802	92,923	221,337	177,115	345,614	2,326,564
<u>Accumulated depreciation</u>								
Balance at 1 January 2020	193,237	134,576	12,452	55,172	31,568	28,855	–	455,860
Depreciation charge	201,287	48,143	6,364	11,616	39,421	17,854	20,300	344,985
Disposals	–	–	(11,544)	–	–	(14,219)	–	(25,763)
Write off	(254,444)	–	(6,292)	–	(1,811)	(26,586)	–	(289,133)
Balance at 31 December 2020	140,080	182,719	980	66,788	69,178	5,904	20,300	485,949
<u>Net book value</u>								
At 31 December 2020	823,213	310,761	31,822	26,135	152,159	171,211	325,314	1,840,615

Assets pledged as security

Media equipment with a carrying amount of S\$2,133,750 (2020: Nil) have been mortgaged to secure a bank borrowing of the Group (Note 26).

Right-of-use assets

Right-of-use of assets acquired under operating leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 28.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 14 INVESTMENT PROPERTY

	GROUP	
	2021	2020
	S\$	S\$
<u>Cost</u>		
Balance at 1 January and 31 December	879,264	879,264
Reclassified to non-current asset classified as held-for-sale (Note 21)	(879,264)	–
Balance at 31 December	–	879,264
<u>Accumulated depreciation</u>		
Balance at 1 January	234,461	205,157
Depreciation charge	29,304	29,304
Reclassified to non-current asset classified as held-for-sale (Note 21)	(263,765)	–
Balance at 31 December	–	234,461
<u>Net book value</u>		
At 31 December	–	644,803

The investment property has been mortgaged to secure a bank borrowing of the Group (Note 26).

Information regarding the investment property is as follows:

DESCRIPTION AND LOCATION	TENURE	USE
Factory premise located at 18 Howard Road, #09-05, Singapore 369585	Freehold	Commercial

The investment property was leased to a third party under an operating lease (Note 28).

The property rental income earned by the Group from its investment property, all of which is leased out, amounted to S\$17,400 (2020: S\$34,421). Direct operating expenses arising on the investment property for the financial year amounted to S\$7,302 (2020: S\$7,745).

Information on the fair value of the Group's investment property disclosed below was measured using valuation inputs categorised as Level 2 in the Fair Value Hierarchy (Note 32) as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	CARRYING AMOUNT
	S\$	S\$	S\$	S\$
<b>Group</b>				
<u>2020</u>				
Commercial property	–	1,087,000	–	644,803

*Valuation technique and inputs used to derive Level 2 fair value*

Level 2 fair value of the investment property was derived using the sales comparison approach. Sales prices of comparable properties in close proximity were adjusted by management for differences in key attributes such as property size. The most significant input into this valuation approach was the selling price per square meter.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 15 INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2021	2020
	S\$	S\$
<u>Unquoted equity shares, at cost</u>		
Balance at 1 January	47,460,250	42,660,000
Addition investments (Notes (c) and (d))	–	4,800,250
Disposal of a subsidiary (Note (e))	(30,600)	–
	47,429,650	47,460,250
Less: Allowance for impairment loss (Note (f))	(39,850,000)	(9,300,000)
Balance at 31 December	7,579,650	38,160,250

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION AND PRINCIPAL PLACE OF BUSINESS	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST HELD BY THE GROUP	
			2021	2020
			%	%
<i>Held by the Company</i>				
Revez International Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding	100	100
Revez Motion Pte. Ltd. <sup>(1)</sup>	Singapore	Design and develop immersive and interactive multimedia solutions	100	100
Revez Pte. Ltd. <sup>(2)</sup>	Singapore	Design and develop immersive digital interactive multimedia technology and top-notch Software as a Service (SaaS) solutions	–	100
Newood Design Pte. Ltd. <sup>(3)</sup>	Singapore	Provision of marketing and communication solutions	–	51
IOIO Lab Pte. Ltd. <sup>(1)</sup>	Singapore	Design and develop Information Technology, Software as a Service (SaaS), and immersive and interactive multimedia on-ground solutions	80	80
AIAC Pte. Ltd. <sup>(1)</sup>	Singapore	Engineering consultancy and robotics solutions	55	55
PGK Digital Networks Pte. Ltd. <sup>(1)</sup>	Singapore	Media owner and operator of digital media networks, digital out-of-home (DOOH) advertising networks and digital sport networks	100	100

(1) Audited/Reviewed by Moore Stephens LLP.

(2) Revez Pte. Ltd. was struck off during the current financial year.

(3) Newood Design Pte. Ltd. was disposed of during the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15 INVESTMENT IN SUBSIDIARIES (CONT'D)

### (b) Internal restructuring of subsidiaries

During the previous financial year, the Company had undertaken an internal restructuring exercise pursuant to which the shares of all its indirect subsidiaries previously held through Revez Group Pte. Ltd., a wholly owned subsidiary of the Company, were transferred to the Company (the "Corporate Restructuring").

Following the Corporate Restructuring, Revez Group Pte. Ltd. was renamed as Revez International Pte. Ltd..

The Corporate Restructuring had no financial impact on the consolidated financial statements of the Group or the carrying amount of the Company's investment in subsidiaries prior to the Corporate Restructuring.

### (c) Incorporation of a subsidiary

During the previous financial year, the Company had incorporated a wholly owned subsidiary, AIAC Pte. Ltd. ("AIAC"), with an issued share capital comprising 800,250 ordinary shares, for a total consideration of S\$800,250 fully paid in cash.

Further, pursuant to the shareholder's agreement entered into between the Company and two third party individuals (the "minority shareholders") in relation to the incorporation of AIAC, the minority shareholders shall collectively provide a minimum value of S\$654,750 (worth in terms of assets, equipment, assignment of receivables after deducting cost of sales) and AIAC will issue 654,750 ordinary shares when the milestones are achieved.

On 31 March 2020 and 26 November 2020, the minority shareholders had achieved the aforesaid milestones pursuant to the shareholder's agreement, and accordingly, AIAC issued and allotted 334,650 and 320,100 new ordinary shares on the respective dates to the minority shareholders for the total value of S\$674,650, representing 45% of the enlarged share capital of AIAC. Consequently, the Group's effective interest in AIAC was diluted from 100% to 55%.

The change in the Group's ownership interest in AIAC had no impact on the consolidated financial statements of the Group as AIAC had no other assets or liabilities other than the paid-up share capital prior to the dilution.

### (d) Acquisition of a subsidiary

During the previous financial year, the Group had completed the acquisition of the entire issued share capital of PGK Digital Networks Pte. Ltd. ("PGK") for an aggregate consideration of S\$4,000,000 (comprised an initial cash payment of S\$2,400,000 plus contingent consideration of S\$1,600,000 (Note 27), which becomes payable if certain performance conditions are met over a 3-year period pursuant to the terms and conditions of the acquisition). The Group had applied the acquisition method to account for the business combination in relation to this acquisition of PGK.

PGK is an entity incorporated in Singapore with its principal activity being the media owner and operator of digital media networks, digital out-of-home (DOOH) advertising networks and digital sports networks. The Group had acquired PGK primarily for the addition of a complementary capability of the Group, allowing for potential opportunities to expand its customer base and service offerings.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Acquisition of a subsidiary (cont'd)

#### Assets acquired and liabilities assumed at the date of acquisition

The fair value of the identifiable assets and liabilities of the acquired subsidiary at the acquisition date were:

	S\$
Plant and equipment (Note 13)	351,669
Intangible assets (Note 17)	656,873
Cash and cash equivalents	264,771
Trade and other receivables	285,294
Trade and other payables	(609,771)
Income tax liabilities	(153,823)
Deferred tax liabilities (Note 11(b))	(111,668)
Identifiable net assets acquired at fair value	683,345
Consideration paid/payable	4,000,000
Less: Identifiable net assets acquired at fair value	(683,345)
Goodwill arising on acquisition (Note 16)	3,316,655

Goodwill arose in the acquisition of PGK because the consideration paid for the business combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development. These benefits were not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill arising is not expected to be deductible for tax purposes.

#### The aggregate cash outflow arising from acquisition of a subsidiary

	S\$
Consideration paid in cash	2,400,000
Cash and cash equivalents acquired	(264,771)
Net cash outflow on acquisition of a subsidiary	2,135,229

#### Impact of acquisition on the results of the Group

Included in the loss for the previous year was the net profit of approximately S\$38,000 attributable to the additional business generated by PGK. Revenue for the previous year included approximately S\$467,000 in respect of revenue generated by PGK.

Had this business combination been effected at 1 January 2020, the revenue of the Group would have been approximately S\$7,498,000, and the loss for the previous year would have been approximately S\$135,000. The management considered these "pro-forma" numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) Disposal of a subsidiary

On 31 August 2021, the Group disposed of its 51% owned subsidiary, Newwood Design Pte. Ltd., for a cash consideration of S\$15,000.

Analysis of asset and liabilities over which control was lost

	<b>S\$</b>
Property, plant and equipment (Note 13)	62,547
Inventory	2,065
Trade and other receivables	83,786
Cash and bank balances	29,511
Trade and other payables	(27,783)
Lease liabilities	(24,725)
Contract liabilities (Note 5(b))	(38,810)
Less: Non-controlling interest	(42,430)
Net assets disposed of	44,161

Loss on disposal of a subsidiary

	<b>S\$</b>
Consideration received in cash	15,000
Net assets disposed of	(44,161)
Loss on disposal of a subsidiary	(29,161)

The aggregate cash outflow arising from disposal of a subsidiary

	<b>S\$</b>
Consideration received in cash	15,000
Less: Cash and cash equivalents in a subsidiary disposed of	(29,511)
Net cash outflow on disposal of a subsidiary	(14,511)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(f) Allowance for impairment loss

As at 31 December 2021, the Company's investments in Revez Motion Pte. Ltd. ("RM") and PGK Digital Networks Pte. Ltd. ("PGK") were tested for impairment as the carrying amount of these investments exceeded the carrying amount of the relevant investees' net assets. The investments in RM and PGK represent approximately 98% of the gross balance of the Company's investment in subsidiaries at the reporting date.

The recoverable amounts of these cash-generating units ("RM CGU" and "PGK CGU") have been determined based on their value in use calculations using cash flow forecasts covering a five-year period. The discount rate applied to the cash flow forecasts, forecasted revenue growth rate and the terminal growth rate used to extrapolate cash flow forecasts beyond the five-year period are disclosed below.

RM CGU

- (i) Revenue growth is projected based on contracts secured with customers and forecasted demand with reference to past revenues earned and adjusted for forward-looking economic conditions.
- (ii) Terminal growth rate of 2.5% (2020: 2.5%) has been used which does not exceed the industry long-term forecast growth rate based on published reports.
- (iii) Discount rate of 10% (2020: 12%) used was determined based on a risk-free rate adjusted for a market risk premium to reflect market risks and the risks specific to the RM CGU.

PGK CGU

- (i) Revenue growth is projected based on contracts secured with customers and forecasted demand with reference to past revenues earned and adjusted for forward-looking economic conditions.
- (ii) Terminal growth rate of 2.5% has been used which does not exceed the industry long-term forecast growth rate based on published reports.
- (iii) Discount rate of 10% used was determined based on a risk-free rate adjusted for a market risk premium to reflect market risks and the risks specific to the PGK CGU.

Following the impairment testing, the Company recognised an allowance for impairment loss of approximately S\$30.55 million (2020: S\$9.30 million) for the financial year in relation to the Company's investment in these subsidiaries. The impairment loss has no impact on the consolidated financial statements of the Group.

*Sensitivity analysis*

The impairment test has determined that the carrying amounts of the RM CGU and PGK CGU exceeded their estimated recoverable amounts by approximately 90% and 14%, respectively, resulting in the allowance for impairment loss recognised at the reporting date.

If the forecasted revenue growth rate over the 5-year period is reduced by 1% on an annual basis, the carrying amounts of the RM CGU and PGK CGU would exceed their estimated recoverable amounts by approximately 54% and 26%, respectively, or if the discount rate is increased by 1%, the carrying amounts of the RM CGU and PGK CGU would exceed their estimated recoverable amounts by approximately 13% and 16%, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 16 GOODWILL

	GROUP	
	2021	2020
	S\$	S\$
<b>Cost</b>		
Balance at 1 January	3,316,655	–
Goodwill recognised from the business combination occurred during the year (Note 15(d))	–	3,316,655
Impairment loss recognised	(1,650,000)	–
Balance at 31 December	1,666,655	3,316,655

### Impairment testing of goodwill

Goodwill acquired through the business combination is allocated entirely to the digital media networks cash-generating unit (“DMN CGU”) under the digital media networks segment for impairment test.

The recoverable amount of the DMN CGU has been determined based on its value in use using cash flow forecasts covering a five-year period. The discount rate applied to the cash flow forecasts, forecasted growth rates, budgeted gross margins, and the terminal growth rates used to extrapolate cash flow forecasts beyond the five-year period, are discussed below.

- (i) Revenue growth is projected based on contracts secured with customers and forecasted demand with reference to past revenues earned and adjusted for forward-looking economic conditions.
- (ii) Terminal growth rate of 2.5% has been used which does not exceed the industry long-term forecast growth rate based on published reports.
- (iii) Discount rate of 10% used was determined based on a risk-free rate adjusted for a market risk premium to reflect market risks and the risks specific to the DMN CGU.

Following the impairment test, the Group recognised an impairment of goodwill of S\$1,650,000 (2020: Nil) in the consolidated profit or loss of the Group.

### Sensitivity analysis

The impairment test has determined that the carrying amount of the DMN CGU exceeded its estimated recoverable amount by approximately 50%, resulting in the impairment loss recognised at the reporting date.

If the forecasted revenue growth rate over the 5-year period is reduced by 1% on an annual basis, the carrying amount of the DMN CGU would exceed its estimated recoverable amount by approximately 20% or if the discount rate is increased by 1%, the carrying amount of the DMN CGU would exceed its estimated recoverable amount by approximately 13%.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 17 INTANGIBLE ASSETS

	CUSTOMER RELATIONSHIPS S\$	SOFTWARE SYSTEM S\$	TOTAL S\$
<b>Group</b>			
<u>Cost</u>			
Balance at 1 January 2021 and 31 December 2021	469,621	187,252	656,873
<u>Accumulated amortisation</u>			
Balance at 1 January 2021	23,481	9,363	32,844
Amortisation charge	93,925	37,451	131,376
Balance at 31 December 2021	117,406	46,814	164,220
<u>Net book value</u>			
At 31 December 2021	352,215	140,438	492,653
<b>Group</b>			
<u>Cost</u>			
Balance at 1 January 2020	–	–	–
Acquisition through business combination (Note 15(d))	469,621	187,252	656,873
Balance at 31 December 2020	469,621	187,252	656,873
<u>Accumulated amortisation</u>			
Balance at 1 January 2020	–	–	–
Amortisation charge	23,481	9,363	32,844
Balance at 31 December 2020	23,481	9,363	32,844
<u>Net book value</u>			
At 31 December 2020	446,140	177,889	624,029

Customer relationships and software system arose from the acquisition of PGK in the previous financial year as disclosed in Note 15(d). The intangible assets have a remaining amortisation period of 3.75 (2020: 4.75) years.

### 18 INVENTORIES

	GROUP	
	2021 S\$	2020 S\$
Work in progress, at cost	77,618	2,059
Finished goods, at cost and net of allowance for inventory obsolescence	54,469	93,326
	132,087	95,385

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 19 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
Trade receivables:				
- third parties	1,098,058	1,954,575	-	-
Less: Loss allowance	(119,620)	(53,173)	-	-
	978,438	1,901,402	-	-
Other receivables:				
- third parties	2,899	71,868	2,900	7,413
Amounts due from subsidiaries	-	-	1,130,000	125,000
Government grant receivables	153,960	81,710	-	-
Deposits	125,647	148,261	-	-
	1,260,944	2,203,241	1,132,900	132,413
GST receivables	12,846	-	-	-
Prepayments	301,574	37,114	6,900	900
	1,575,364	2,240,355	1,139,800	133,313
Non-current	-	-	604,624	-
Current	1,575,364	2,240,355	535,176	133,313
	1,575,364	2,240,355	1,139,800	133,313

Trade receivables are unsecured, non-interest bearing and have an average credit term of 30 days.

Prepayments mainly relate to prepaid license fee and project related costs.

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free, and repayable on demand and are to be settled in cash, except for an amount of S\$1,000,000 (2020: Nil) which is repayable between 11 to 48 months from the drawdown date and bears a fixed interest at 2% per annum.

### 20 CASH AND BANK BALANCES

	GROUP		COMPANY	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
Cash at bank	1,515,878	1,844,035	73,026	947,730
Short-term deposits	1,800,000	2,850,000	1,800,000	1,930,000
Cash on hand	1,500	1,300	-	-
	3,317,378	4,695,335	1,873,026	2,877,730
Less: Short-term deposits with maturity period of more than 3 months	-	(1,850,000)	-	(1,350,000)
Cash and cash equivalents per consolidated statement of cash flows	3,317,378	2,845,335	1,873,026	1,527,730

Short-term deposits are made for a fixed period of one month (2020: varying periods of between one month and six months), depending on the immediate cash requirements of the Group, and earn a fixed interest at 0.05% (2020: interests ranging from 0.05% to 0.23%) per annum.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 21 NON-CURRENT ASSET CLASSIFIED AS HELD-FOR-SALE

	GROUP	
	2021	2020
	S\$	S\$
Investment property (Note 14)	615,499	–

In August 2021, the Board of Directors of the Company approved the sale of the Group's investment property. Accordingly, the Group reclassified its investment property as "Non-current asset classified as held for sale".

In November 2021, the Group granted external purchasers an option to purchase the investment property at the agreed sale price of S\$1.15 million, and the option was exercised by the external purchasers in the same month.

The disposal of the Group's investment property was completed in February 2022.

### 22 SHARE CAPITAL

	2021		2020	
	NUMBER OF ORDINARY SHARES	S\$	NUMBER OF ORDINARY SHARES	S\$
<b>Group</b>				
Issued and fully paid-up:				
Balance at 1 January and 31 December	167,499,937	18,713,062	167,499,937	18,713,062

The Group's share capital amount differed from that of the Company as a result of the reverse acquisition completed in May 2019. The equity structure (i.e. the number and types of equity instruments issued) reflected the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to reflect the reverse acquisition.

	2021		2020	
	NUMBER OF ORDINARY SHARES	S\$	NUMBER OF ORDINARY SHARES	S\$
<b>Company</b>				
Issued and fully paid-up:				
Balance at 1 January and 31 December	167,499,937	62,030,012	167,499,937	62,030,012

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

#### The Revez's Performance Share Plan (the "Share Plan")

The Group operates an equity-settled share-based compensation plan.

The Share Plan is a share incentive plan that contemplates the award of fully paid ordinary shares in the capital of the Company ("Share Awards") when and after predetermined performance or service conditions are accomplished and/or due recognition should be given to any good work performance and/or any significant contributions to the Company.

Since the commencement of the Share Plan till the end of the financial year, no Share Awards have been granted.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 23 MERGER RESERVE

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Company and the purchase consideration paid by the Company for the acquisition using the principles of merger accounting applicable to business combination under common control.

### 24 NON-CONTROLLING INTERESTS

	GROUP	
	2021	2020
	S\$	S\$
Balance at 1 January	699,131	234,630
Share of loss for the year	(262,854)	(210,149)
Partial disposal of interest in subsidiary to non-controlling interests, without loss of control (Note 15(c))	–	674,650
Disposal of a subsidiary (Note 15(e))	(42,430)	–
Balance at 31 December	393,847	699,131

#### Interest in a subsidiary with material non-controlling interests

The Group has the following subsidiary that has material non-controlling interests:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION AND PRINCIPAL PLACE OF BUSINESS	PROPORTION OF OWNERSHIP INTERESTS HELD BY NON-CONTROLLING INTERESTS		(LOSS) ALLOCATED TO NON-CONTROLLING INTERESTS		ACCUMULATED NON-CONTROLLING INTERESTS	
		2021	2020	2021	2020	2021	2020
		%	%	S\$	S\$	S\$	S\$
AIAC Pte. Ltd. ("AIAC")	Singapore	45	45	(174,281)	(130,882)	369,487	543,768
Individually immaterial subsidiaries with non-controlling interests						24,360	155,363
						393,847	699,131

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 24 NON-CONTROLLING INTERESTS (CONT'D)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information represents amounts before intragroup eliminations.

	2021	2020
	S\$	S\$
<b>AIAC</b>		
Current assets	878,314	1,117,930
Non-current assets	114,423	173,134
Current liabilities	(195,979)	(84,676)
Non-current liabilities	–	(22,338)
Equity attributable to owners of the Company	427,271	640,282
Non-controlling interests	369,487	543,768
Revenue	1,040,067	591,012
Other income	43,400	45,394
Expenses	(1,470,759)	(927,256)
(Loss) for the year	(387,292)	(290,850)
(Loss) attributable to owners of the Company	(213,011)	(159,968)
(Loss) attributable to non-controlling interests	(174,281)	(130,882)
(Loss) for the year	(387,292)	(290,850)
Total comprehensive (loss) attributable to owners of the Company	(213,011)	(159,968)
Total comprehensive (loss) attributable to non-controlling interests	(174,281)	(130,882)
Total comprehensive (loss) for the year	(387,292)	(290,850)
Net cash outflow from operating activities	(408,375)	(120,847)
Net cash inflow/(outflow) from investing activities	490,938	(511,526)
Net cash inflow/(outflow) from financing activities	(65,581)	1,089,611
Net cash inflow	16,982	457,238
Dividends paid to non-controlling interests	–	–

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 25 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
Trade payables - third parties	654,446	1,224,150	16,139	42,200
Other payables - third parties	63,808	9,309	-	-
Amount due to subsidiaries	-	-	-	80,883
Dividend payable to the former shareholder of a subsidiary	543,727	543,727	-	-
Accrued operating expenses	594,744	698,182	33,500	132,200
	1,856,725	2,475,368	49,639	255,283
GST payables	7,753	66,092	3,602	3,585
	1,864,478	2,541,460	53,241	258,868

Trade payables are unsecured, non-interest bearing and are settled on an average term of 30 days.

The amount due to subsidiaries was non-trade in nature, unsecured, interest-free, and repayable on demand and was to be settled in cash.

The dividend payable to the former shareholder of a subsidiary is unsecured, interest-free, and repayable on demand and is to be settled in cash.

### 26 LOANS AND BORROWINGS

	GROUP	
	2021	2020
	S\$	S\$
<u>Current liabilities</u>		
Lease liabilities (Note 28)	183,004	278,164
Bank borrowing – Term loan (Note (a))	251,611	-
Bank borrowing – Temporary bridging loan (Note (b))	208,333	-
Bank borrowing – Property loan (Note (c))	650,160	31,154
	1,293,108	309,318
<u>Non-current liabilities</u>		
Lease liabilities (Note 28)	357,264	549,205
Bank borrowing – Term loan (Note (a))	695,143	-
Bank borrowing – Temporary bridging loan (Note (b))	791,667	-
Bank borrowing – Property loan (Note (c))	-	648,352
	1,844,074	1,197,557

(a) Bank borrowing – Term loan

The term loan is used to part finance the purchase of the Group's media equipment which is repayable over 48 monthly installments and bears a fixed interest at 3.5% per annum.

The loan is secured by a first fixed and floating charge over the Group's certain media equipment as disclosed in Note 13 and a corporate guarantee of S\$1,305,000 provided by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26 LOANS AND BORROWINGS (CONT'D)

(b) Bank borrowing – Temporary bridging loan

The temporary bridging loan is used for the Group's working capital requirements which is repayable over 60 monthly installments and bears a fixed interest at 2% per annum.

The loan is secured by a corporate guarantee of S\$2,000,000 provided by the Company.

(c) Bank borrowing – Property loan

The property loan is repayable over 240 monthly installments and bears interest at 4.23% below the Bank's Commercial Financing Rate ("BCFR") for the 1<sup>st</sup> and 2<sup>nd</sup> year, 3.87% below the BCFR for the 3<sup>rd</sup> year and thereafter at 2.80% over the applicable 3-month Singapore Interbank Offered Rate ("SIBOR"). As at 31 December 2021, the 3-month SIBOR is 0.4375% (2020: BCFR is 6.25%) per annum.

The loan is secured by a first legal mortgage over the Group's investment property (Notes 14 and 21) and a corporate guarantee of S\$698,000 by the Company.

As disclosed in Note 21, the Group reclassified its investment property as "Non-current asset classified as held for sale", and accordingly, the property loan, which is the liabilities directly associated with the investment property, is also classified as current liabilities.

The property loan is fully repaid in February 2022.

## 27 OTHER FINANCIAL LIABILITIES

	GROUP AND COMPANY	
	2021	2020
	S\$	S\$
<u>Financial liabilities at fair value through profit or loss</u>		
Contingent consideration payable (Note 15(d))	1,600,000	1,600,000
Less: Change in fair value	(1,600,000)	(573,256)
	–	1,026,744

Pursuant to the terms and conditions of the acquisition of PGK, the aggregate consideration included a contingent consideration payable of 4,599,815 of the Company's ordinary shares, with an aggregated value of S\$1.6 million (to be issued in various tranches), which becomes payable if PGK achieves certain threshold of net profit before tax ("Target NPBT"), over a 3-year period covering the financial years ended/ending 31 December 2021 to 2023.

Full details of the contingent consideration payable were set out in the relevant Company's announcement dated 30 September 2020.

Contingent consideration payable is remeasured at fair value at each reporting date, with changes recognised in the consolidation profit or loss account. As at 31 December 2021, based on the analysis of PGK's current and historical financial performance and the financial projections from the expansion of the acquired business, the Board of Directors of the Company considers that it is not probable that this contingent consideration payment will be required. Accordingly, the Group recognised a fair value gain of the contingent consideration payable of S\$1,026,744 (2020: S\$573,256) (Note 7) in the consolidated profit or loss of the Group for the financial year.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 27 OTHER FINANCIAL LIABILITIES (CONT'D)

The fair value of the contingent consideration payable disclosed below was measured using valuation inputs categorised as Level 1 in the Fair Value Hierarchy (Note 32) as follows:

	Level 1	Level 2	Level 3	Carrying amount
	S\$	S\$	S\$	S\$
<b>Group</b>				
<u>2021</u>				
Contingent consideration payable	–	–	–	–
<u>2020</u>				
Contingent consideration payable	1,026,744	–	–	1,026,744

*Valuation technique and inputs used to derive Level 1 fair value*

Level 1 fair value of the contingent consideration (4,599,815 of the Company's ordinary shares to be issued in various tranches over a 3-year period) was determined based on the prevailing quoted share price of the Company at the reporting date and discounted to present value.

### 28 LEASE LIABILITIES

The Group as lessee

(a) Nature of the Group's leasing activities

i. Office properties

The Group has entered into leases of properties in respect of its offices. The Group is prohibited from selling, pledging or sub-leasing the underlying leased assets, and is required to maintain the assets in good condition. There are lease contracts that include extension options, which are further discussed below.

*Extension options*

The above leases include term extension option for which the Group has the right, but does not expect, to exercise. Accordingly, lease payments in the extension period have not been capitalised in the Group's right-of-use assets and lease liabilities. The options were negotiated to optimise the Group's future operational flexibility.

Potential future (undiscounted) cash outflows arising from the Group's lease contracts that have been excluded from the measurement of lease liabilities, as it is not reasonably certain that these leases would be extended, are as follows:

	LEASE LIABILITIES RECOGNISED	POTENTIAL FUTURE (UNDISCOUNTED) LEASE PAYMENTS NOT INCLUDED IN LEASE LIABILITIES
	S\$	S\$
Office properties	540,268	848,492

When estimating the lease term of the lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the extension option. Extension option is only included in the lease term if the lease is reasonably certain to be extended.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 28 LEASE LIABILITIES (CONT'D)

The Group as lessee (cont'd)

(a) Nature of the Group's leasing activities (cont'd)

ii. Motor vehicle

The Group had leased a motor vehicle for delivery of goods. The lease arrangement prohibited the Group from subleasing the motor vehicle to third parties.

(b) Carrying amount of right-of-use assets classified within property, plant and equipment

	GROUP	
	2021	2020
	S\$	S\$
Office properties	492,222	823,213
Motor vehicle	–	26,135

The motor vehicle was derecognised on disposal of a subsidiary during the current financial year.

There were additions to right-of-use assets amounted to S\$22,195 (2020: S\$963,293) during the financial year.

(c) Amount recognised in profit or loss

	GROUP	
	2021	2020
	S\$	S\$
Depreciation charge for the year (included in depreciation of property, plant and equipment (Note 10)):		
- Office properties	329,352	201,287
- Motor vehicle	7,744	11,615
Interest on finance lease liability	–	354
Interest on lease liabilities	37,262	4,971

(d) Other disclosures

	GROUP	
	2021	2020
	S\$	S\$
Total cash outflow for finance lease liability	–	3,404
Total cash outflow for lease liabilities	321,833	165,069

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 28 LEASE LIABILITIES (CONT'D)

### The Group as lessor

#### (a) Nature of the Group's leasing activities

The Group leased its investment property to a third party under a non-cancellable operating lease agreement with a lease term of 3 years. The lessee does not have an option to purchase freehold property at the expiry of the lease period. This lease was classified as an operating lease because the risk and rewards incidental to ownership of the assets were not substantially transferred.

Rental income from the Group's investment property is disclosed in Note 14.

Undiscounted rentals from the operating lease to be received after the reporting date were as follows:

	GROUP	
	2021	2020
	S\$	S\$
Not later than 1 year	–	18,710

The Group disposed of the investment property subsequent to the financial year end as disclosed in Note 21.

## 29 RELATED PARTY TRANSACTIONS

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

	GROUP	
	2021	2020
	S\$	S\$
Sale of goods and services to related parties	–	265,381
Purchase of goods and services from a related party	1,285	6,980
Administrative fee charged by a related party	–	68,172
Recharges of rental and utilities expenses by a related party	22,100	20,298

The related parties refer to those entities held by a director of a subsidiary of the Company.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 29 RELATED PARTY TRANSACTIONS (CONT'D)

#### Compensation of key management personnel

The remuneration of the key management personnel of the Group during the financial year are as follows:

	GROUP	
	2021	2020
	S\$	S\$
Salaries and other short-term employee benefits	556,555	635,183
Contributions to defined contribution plans	53,929	61,618
Directors' fees paid/payable by the Company	108,808	115,000
	<u>719,292</u>	<u>811,801</u>
Comprised amounts paid to:		
Directors of the Company	588,435	685,892
Other key management personnel	130,857	125,909
	<u>719,292</u>	<u>811,801</u>

### 30 COMMITMENTS

- (a) The Company has given an undertaking to provide continued financial support to certain subsidiaries of the Group for the next twelve months from the date of authorisation of these subsidiaries' financial statements.
- (b) The corporate guarantees executed by the Company for certain subsidiaries of the Group for the bank borrowings granted as set out in Note 26 have not been recorded at fair value, as in the view of the management, the difference in the interest rates, by comparing the actual rates charged by the banks with these corporate guarantees made available, with the estimated rates that the banks would have charged had those corporate guarantees not been made available, is not material.

The corporate guarantees are subject to impairment assessment. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and henceforth does not expect significant credit losses arising from these corporate guarantees.

### 31 CONTINGENT LIABILITIES

As part of the terms of the acquisition of PGK as disclosed in Note 15(d), there is a one-time reward for performance that is calculated based on a percentage equivalent to 40% of the total actual NPBT over the 3-year period covering the financial years ended/ending 31 December 2021 to 2023 less the Target NPBT (the "Bonus Earn Out"). The Bonus Earn Out will be paid to the Vendor of PGK (who is also a director of PGK) in cash in any such subsequent year where PGK has exceeded the Target NPBT. As at 31 December 2021, management has assessed and is of the opinion that the probability of the Company to pay the Bonus Earn Out is remote.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32 FINANCIAL INSTRUMENTS

### Financial risk management objectives

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The Board of Directors of the Company reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. These risks include credit risk, foreign currency risk, interest rate risk and liquidity risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group generally do not require collateral. The Group reviews the recoverable amount of each trade receivable and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

At the reporting date, the Group does not have significant credit risk exposure except for 4 (2020: 3) of the trade receivables from third parties accounted for approximately 50% (2020: approximately 78%) of the total gross balance of trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. The Group's maximum exposure to credit risk arises from the carrying amount of the respective recognised financial assets as present on the consolidated statement of financial position.

The credit risk for financial assets (excluding cash and bank balances) based on geographical information provided by key management is predominately attributed to Singapore.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company is liable to pay if the guarantees are called on as disclosed below.

	2021	2020
	S\$	S\$
Financial guarantees provided to banks on subsidiaries' bank borrowings (Note 26)	4,003,000	2,698,000

#### i. Trade receivables and contract assets

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets. In measuring the expected credit losses, trade receivables and contract assets are grouped based on their shared credit risk characteristics and numbers of days past due. The contract assets have substantially the same risk characteristics as the trade receivables from the same type of customers. Therefore, the Group has concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 32 FINANCIAL INSTRUMENTS (CONT'D)

#### Financial risk management objectives (cont'd)

(a) Credit risk (cont'd)

i. Trade receivables and contract assets (cont'd)

The movements in the credit loss allowances of trade receivables and contract assets during the financial year are as follows:

	TRADE RECEIVABLES S\$	CONTRACT ASSETS S\$	TOTAL S\$
<b>Group</b>			
Balance at 1 January 2020	295,327	3,363	298,690
(Reversal of impairment loss)/Impairment loss recognised during the year	(242,154)	11,455	(230,699)
Balance at 31 December 2020	53,173	14,818	67,991
Impairment loss/(Reversal of impairment loss) recognised during the year	72,325	(14,493)	57,832
Disposal of a subsidiary	(5,878)	–	(5,878)
Balance at 31 December 2021	119,620	325	119,945

The credit risk exposure in relation to trade receivables and contract assets are set out in the provision matrix as follows:

	CURRENT S\$	WITHIN 30 DAYS S\$	31 TO 60 DAYS S\$	61 TO 90 DAYS S\$	91 TO 180 DAYS S\$	MORE THAN 180 DAYS S\$	TOTAL S\$
<b>Group</b>							
<b>2021</b>							
<i>IT Solutions</i>							
Expected loss rate	3.05%	3.79%	14.16%	27.48%	50.00%	100%	
Contract assets	174,408	–	–	–	–	–	174,408
Trade receivables	236,742	88,170	56,171	224,133	10,696	–	615,912
Loss allowance	12,550	3,339	7,952	61,596	5,348	–	90,785
<i>Digital media networks</i>							
Expected loss rate	0.40%	3.55%	5.59%	29.78%	50.01%	100%	
Contract assets	56,341	–	–	–	–	–	56,341
Trade receivables	245,174	124,354	48,953	54,570	9,095	–	482,146
Loss allowance	1,208	4,415	2,736	16,253	4,548	–	29,160

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 32 FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives (cont'd)

(a) Credit risk (cont'd)

i. Trade receivables and contract assets (cont'd)

	CURRENT	WITHIN 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	91 TO 180 DAYS	MORE THAN 180 DAYS	TOTAL
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Group</b>							
<b>2020</b>							
<i>IT Solutions</i>							
Expected loss rate	3.75%	*	*	*	*	*	
Contract assets	402,632	–	–	–	–	–	402,632
Trade receivables	871,954	121,069	154,717	260,740	9,630	33,436	1,451,546
Loss allowance	47,820	–*	–*	–*	–*	–*	47,820
<i>Marketing and exhibition, support services</i>							
Expected loss rate	0.22%	0.39%	7.00%	*	*	*	
Trade receivables	69,141	14,986	5,527	–	–	–	89,654
Loss allowance	154	58	387	–*	–*	–*	599
<i>Digital media networks</i>							
Expected loss rate	0.36%	0.36%	5.59%	7.20%	9.30%	100%	
Contract assets	56,151	–	–	–	–	–	56,151
Trade receivables	199,341	68,788	119,042	–	15,943	10,261	413,375
Loss allowance	926	247	6,655	–	1,483	10,261	19,572

\* No loss allowance is recognised as the expected loss rates and/or amounts were insignificant.

#### Write-off policy

Trade receivables and contract assets are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 2 years past due, whichever occurs sooner. Where debt amounts are written off, the Group continues to engage in enforcement activity to attempt to recover the debt amounts due. Where recoveries are made, these are recognised in profit or loss.

During the current financial year, the Group has written off trade receivables amounted to S\$13,471 (2020: S\$40,170) (Note 10) which were not recoverable.

ii. Cash and bank balances and other financial assets

The cash and bank balances are entered into with banks and financial institutions that have high credit-ratings.

Impairment on cash and bank balances and other financial assets has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances and other financial assets have low credit risk based on the external credit ratings of the counterparties. The amount of the allowances on cash and bank balances and other financial assets were immaterial.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32 FINANCIAL INSTRUMENTS (CONT'D)

### Financial risk management objectives (cont'd)

(a) Credit risk (cont'd)

iii. Financial guarantees

The Company has issued financial guarantees to banks for its subsidiaries' bank borrowings. These guarantees are subject to impairment requirements of SFRS(I) 9. The Company does not expect significant credit losses arising from these guarantees, as it is unlikely that the Company will be held liable as a result of the corporate guarantees since there is no default in the payment of bank borrowings by these subsidiaries to which the guarantees are provided.

(b) Foreign currency risk

Foreign currency risks arise from transactions denominated in currencies other than the functional currency of the entities within the Group. The foreign currency that gives rise to this risk is mainly the United States Dollar ("USD").

The Group does not hedge foreign currency exposure using derivative financial instruments. The Group manages foreign currency risks by close monitoring of the timing of inception and settlement of the foreign currency transactions.

The carrying amounts of the Group's/Company's foreign currency denominated monetary assets and monetary liabilities in USD at the end of the reporting period are not material. As such, no sensitivity analysis is disclosed in the financial statements.

(c) 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 is exposed mainly to the 3-month SIBOR.

The interest rates are fixed for the Group's interest-bearing financial assets and financial liabilities, except for the Group's bank borrowings which bear variable interest rates as disclosed in Note 26. A 100 (2020: 50) basis points difference in the interest rates would not result in a material variance to the Group's results for the financial year.

The Company does not have any significant interest-bearing financial assets and financial liabilities that may expose the Company to interest rate risk on variable interest rates.

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting the financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain a balance of continuity of funding and flexibility through the use of credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 YEAR OR LESS S\$	1 TO 5 YEARS S\$	AFTER 5 YEARS S\$	TOTAL S\$	CARRYING AMOUNT S\$
<b>Group</b>					
<u>2021</u>					
Trade and other payables	1,864,478	–	–	1,864,478	1,864,478
Contract liabilities	369,896	–	–	369,896	369,896
Loans and borrowings	1,462,797	1,848,071	–	3,310,868	3,137,182
	<b>3,697,171</b>	<b>1,848,071</b>	<b>–</b>	<b>5,545,242</b>	<b>5,371,556</b>

## APPENDIX D – AUDITED FY2021 RESULTS

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 32 FINANCIAL INSTRUMENTS (CONT'D)

#### Financial risk management objectives (cont'd)

#### (d) Liquidity risk (cont'd)

	1 YEAR OR LESS S\$	1 TO 5 YEARS S\$	AFTER 5 YEARS S\$	TOTAL S\$	CARRYING AMOUNT S\$
<b>2020</b>					
Trade and other payables	2,541,460	–	–	2,541,460	2,541,460
Contract liabilities	233,905	–	–	233,905	233,905
Loans and borrowings	362,074	765,493	598,868	1,726,435	1,506,875
	3,137,439	765,493	598,868	4,501,800	4,282,240
<b>Company</b>					
<b>2021</b>					
Trade and other payables	53,241	–	–	53,241	53,241
Corporate guarantees* (Note 26)	4,003,000	–	–	4,003,000	–
	4,056,241	–	–	4,056,241	53,241
<b>2020</b>					
Trade and other payables	258,868	–	–	258,868	258,868
Corporate guarantees* (Note 26)	2,698,000	–	–	2,698,000	–
	2,956,868	–	–	2,956,868	258,868

\* Based on the maximum amount of the financial guarantees that are allocated to the earliest period in which these financial guarantees could be called.

#### Capital risk management

The primary objective of the Group's capital management is to ensure it maintains healthy capital ratios in order to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the previous financial year.

The Group's management reviews the capital structure of the Group and makes adjustment to it, in light of changes in economic conditions. The Group's management monitors capital using the net debt to capital ratio. The Group's net debt is calculated as total liabilities (excluding income tax liabilities and deferred tax liabilities) less cash and bank balances. Total capital includes all capital and reserves of the Group that are managed as capital.

	GROUP	
	2021 S\$	2020 S\$
Net debt	2,054,178	613,649
Total capital	5,688,567	7,621,446
Net debt to capital ratio	0.36	0.08

For the financial years ended 31 December 2021 and 2020, the Group was not subjected to any externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32 FINANCIAL INSTRUMENTS (CONT'D)

### Fair value of financial assets and financial liabilities

#### *Fair Value Hierarchy*

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

Information about the fair value measurement of the Group's investment property, non-current asset classified as held for sale and contingent consideration payable under the Fair Value Hierarchy are disclosed in Notes 14, 21 and 27, respectively.

#### *Financial instruments that are not carried at fair value whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of the non-current loans and borrowings approximate fair value as they are subject to floating interest rates which in turn approximate the current market interest rates for similar loans at the reporting date.

Management considers that the carrying amounts of other financial assets and financial liabilities in the financial statements are reasonable approximation of fair value, due to their short-term maturity nature.

## 33 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 13 January 2022, the Company's 55% owned subsidiary, AIAC, completed its capital reduction exercise upon the Court's approval and lodged with the Accounting and Corporate Regulatory Authority of Singapore.

Following the completion of the AIAC's capital reduction exercise, AIAC returned the excess capital of S\$233,750 in cash to the Company.

Full details are set out in the Company's announcement dated 13 January 2022.

## 34 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 31 March 2022.