

PROPOSED RATIFICATION OF INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

1.1. The Yinda IPT

The board of directors (the "**Board**") of Yinda Infocomm Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Yinda Communications Philippines, Inc. ("**YC(PH)**"), had on 8 January 2018 entered into a telecommunications implementation services agreement with Yinda Technology Philippines, Inc. ("**YT(PH)**"), a wholly-owned subsidiary of Yinda Pte. Ltd. ("**Yinda**") (the "**Yinda IPT**"), the controlling shareholder of the Company. In view of the above, the Yinda IPT is an interested person transaction ("**IPT**") of a revenue and trading nature.

As at the date of this Announcement, the value of the Yinda IPT amounts to an aggregate sum of approximately S\$655,890. Further details of the Yinda IPT are set out in Section 3 of this Announcement.

1.2. The Anhui IPT

Subsequent to the Yinda IPT, the Company's wholly-owned subsidiary, Yinda Technology Singapore Pte. Ltd. ("**YT(SG)**"), had on 11 April 2018 submitted a purchase order for the purchase of materials amounting to the value of S\$148,809 from Anhui Diantong Communication Engineering Co., Ltd ("**Anhui Diantong**"), a subsidiary of Shanghai Yinda Technology Group Co Ltd ("**Shanghai Yinda Group**"). Shanghai Yinda Group is the 60.0% holding company of Shanghai Yinda Science and Technology Industrial Co Ltd ("**Shanghai Yinda S&T**"), which in turn owns the entire issued and paid-up capital of Yinda. Accordingly, it is also an IPT of a revenue and trading nature.

1.3. The Catalist Rules

Pursuant to Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"), transactions between an interested person and a listed issuer are IPTs. Under Chapter 9 of the Catalist Rules, the Company is required to, *inter alia*:

- (a) make an immediate announcement of any IPT of a value equal to or more than 3.0% of the Group's latest audited net tangible assets ("**NTA**"); and
- (b) obtain the approval of shareholders of the Company ("**Shareholders**") for any IPT of a value equal to or more than 5.0% of the Group's latest audited NTA.

1.4. Aggregation of the IPTs

Yinda is wholly-owned by Shanghai Yinda S&T. Shanghai Yinda S&T is held by Shanghai Yinda Group (60.0%), Song Xingyi (20.0%) and Qian Zhongcheng (20.0%). Shanghai Yinda Group is

in turn held by Song Xingyi (44.0%), Wang Hua (34.0%), Wang Zhijun (14.0%) and Qian Zhongcheng (8.0%).

Both Yinda and Anhui Diantong are members of Shanghai Yinda Group's group of companies, which is ultimately controlled by Song Xingyi (44.0%), Wang Hua (34.0%) and Wang Zhijun (14.0%), all of whom are directors of Shanghai Yinda Group. Song Xingyi is currently the Non-Executive and Non-Independent Chairman of the Company. She is also the spouse of Wang Zhijun and mother of Wang Hua.

Each of Song Xingyi, Wang Hua, Wang Zhijun, Qian Zhongcheng, Shanghai Yinda Group and Shanghai Yinda S&T are also deemed to have an interest in the 120,437,180 ordinary shares ("**Shares**") in the Company held by Yinda by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.

According to Rule 908(1) of the Catalist Rules, in interpreting the term "same interested person" for the purpose of aggregation in Rules 905 and 906 of the Catalist Rules, transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person.

Based on the above, the Yinda IPT and the Anhui IPT (collectively, the "**Yinda Transactions**") are deemed to be transactions entered into with the "same interested person" for the purpose of Rules 905, 906 and 908(1) of the Catalist Rules, with an aggregate value of approximately S\$804,700. There was an inadvertent oversight by the Company on the aggregation of the value of the Yinda Transactions. As such, the Company intends to seek Shareholders' approval for the proposed ratification of the Yinda Transactions. For the avoidance of doubt, the Yinda Transactions are one-off transactions entered into by the Group and the interested persons mentioned in Section 2.

1.5. **EGM**

As the aggregate value of the Yinda Transactions exceeds 5.0% of the Group's latest audited NTA for the financial year ended 31 May 2017 amounting to S\$7,562,000, which was the latest available audited financial statements of the Group at the point of entry of the Yinda Transactions, the Company intends to convene an extraordinary general meeting ("**EGM**") to seek Shareholders' approval for the ratification of the Yinda Transactions.

2. **DETAILS OF THE INTERESTED PERSONS**

The Yinda Transactions are IPTs for the reasons set out below⁽¹⁾:

2.1. **Yinda**

Yinda is a private limited company incorporated in Singapore, and is a wholly-owned subsidiary of Shanghai Yinda S&T. Shanghai Yinda S&T is in turn held by Shanghai Yinda Group (60.0%), Song Xingyi (20.0%) and Qian Zhongcheng (20.0%). The shareholders of Shanghai Yinda Group are Song Xingyi (44.0%), Wang Hua (34.0%), Wang Zhijun (14.0%) and Qian Zhongcheng (8.0%).

(1) Prior to his resignation on 31 July 2018, Qian Zhongcheng was an Executive Director of the Company beginning from 30 September 2017, and was subsequently appointed as Chief Executive Officer on 16 April 2018. Qian Zhongcheng is also a substantial shareholder of Shanghai Yinda S&T and Shanghai Yinda Group. The Group had entered into the Yinda IPT during his tenure as an Executive Director of the Company.

As at the date of this Announcement, Yinda is the controlling shareholder of the Company, holding 120,437,180 Shares, representing approximately 79.23% of the total issued and paid-up capital of the Company.

2.2. YT(PH)

YT(PH) is a company incorporated in the Philippines, and is a wholly-owned subsidiary of Yinda. As such, YT(PH) is deemed to be an "associate" and all transactions entered into with YT(PH) constitute IPTs for the purpose of Chapter 9 of the Catalist Rules.

2.3. Shanghai Yinda Group

Shanghai Yinda Group is a company incorporated in China and is the ultimate holding company of Yinda. It holds a 60.0% beneficial interest in Yinda through Shanghai Yinda S&T. As such, Shanghai Yinda Group has a deemed interest in the 120,437,180 Shares held by Yinda, representing approximately 79.23% of the total issued and paid-up capital of the Company.

2.4. Anhui Diantong

Anhui Diantong is a company incorporated in the People's Republic of China (the "**PRC**") and is principally engaged in the business of public wireless communication network construction, particularly professional network construction and maintenance of public security, banking and transportation in the PRC.

Anhui Diantong is a subsidiary of Shanghai Yinda Group, which is a deemed controlling shareholder of the Company. As such, Anhui Diantong is deemed to be an "associate" of Shanghai Yinda Group, and all transactions entered into with Anhui Diantong will constitute IPTs for the purpose of Chapter 9 of the Catalist Rules.

2.5. Song Xingyi

Song Xingyi is the Non-Executive and Non-Independent Chairman of the Company. She is concurrently a director of Yinda, and is also the majority shareholder of Shanghai Yinda Group, which is the 60.0% holding company of Shanghai Yinda S&T. Song Xingyi is also the spouse of Wang Zhijun and mother of Wang Hua.

3. DETAILS OF THE YINDA IPT

3.1. The Yinda IPT

YC(PH) entered into the Yinda IPT with YT(PH), pursuant to which YT(PH) had subcontracted the provision of supply, installation, testing, and completion services for a fixed and/or mobile digital telecommunications network to YC(PH) (the "**Supply Services**"). The Yinda IPT is a subcontract to a separate subcontract which YT(PH) had entered into with an unrelated third party for the provision of the Supply Services.

The aggregate value of the purchase orders received by YC(PH) under the Yinda IPT for FY2018 was approximately S\$655,890. The pricing of the Supply Services rendered by the Group was arrived at on a willing buyer and willing seller basis, and was generally based on the price of the Supply Services at which YT(PH) was subcontracted to provide to the unrelated third party.

3.2. Rationale for and Benefits of the Yinda IPT

The Board was of the view that the Yinda IPT was beneficial to the Group as YT(PH) required a supplier to provide the Supply Services, and was agreeable to engaging YC(PH)'s services at a commercially competitive rate. As such, the Board was of the view that the Yinda IPT was an attractive business opportunity which had provided the Group with an additional revenue and income stream.

Further, when Yinda had acquired the Company through a mandatory general offer, which was completed on 20 June 2017, it had provided assurance that all of its relevant businesses in the Philippines would be transferred to YC(PH). As such, it is intended that YT(PH) will be wound up upon completion of all existing projects.

4. DETAILS OF THE ANHUI IPT

4.1. The Anhui IPT

YT(SG) had on 11 April 2018, submitted a purchase order for the purchase of materials amounting to the value of S\$148,809 from Anhui Diantong. The materials were purchased for the construction and implementation of indoor and outdoor mobile network infrastructure for customers.

4.2. Rationale for and Benefits of the Anhui IPT

The Group purchases materials required for its business operations in bulk. The Group purchased the materials from Anhui Diantong as it offered competitive prices as compared to quotes for similar materials from other suppliers and provided priority and flexibility to YT(SG) in terms of delivery.

5. VALUE OF THE IPTS

For illustrative purposes only, the total value of:

- (a) all transactions entered into with the interested persons listed in Section 2 during the financial year ended 31 May 2018 ("**FY2018**") is approximately S\$840,391⁽²⁾; and
- (b) all IPTs during FY2018 is approximately S\$924,090.⁽²⁾⁽³⁾

6. INDEPENDENT FINANCIAL ADVISER

The Audit Committee of the Company (the "**Audit Committee**") will be appointing an independent financial adviser (the "**IFA**") to provide an opinion on whether the terms of the Yinda IPT and the Anhui IPT are on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders.

(2) This amount includes the interest arising from the loan pursuant to the loan agreement which the Company had entered into with Yinda on 23 June 2017 for the amount of S\$1.0 million, as well as the loan pursuant to the loan agreement which YT(SG) had entered into with Yinda on 7 July 2017 for the amount of S\$0.5 million (collectively, the "**Shareholder's Loans**"). The Shareholder's Loans are unsecured, bear an interest of 3.25% per annum payable every quarterly, and are due and repayable in full one year from the respective dates.

(3) This amount includes the consultation fee paid to Lim Chuan Poh, an ex-Independent Director of the Group, for the provision of advice on business development activities of the Group, the amount of which was less than S\$100,000.

The Audit Committee will obtain an opinion from the IFA before forming its view on the Yinda IPT and the Anhui IPT. The views of the Audit Committee will be included in the circular to be issued by the Company to the Shareholders in connection with the proposed ratification of the Yinda Transactions (the "**Circular**").

7. CIRCULAR TO SHAREHOLDERS

The Company will convene an EGM to seek the approval of Shareholders for the proposed ratification of the Yinda Transactions. The Circular containing, *inter alia*, further information on the Yinda IPT, together with the opinion and recommendations of the Audit Committee and the letter from the IFA, and enclosing the notice of EGM therewith, will be dispatched to Shareholders in due course.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, other than their respective shareholdings in the Company (if any), none of the Directors or substantial shareholders (as defined in the Catalist Rules) of the Company has any interest, direct or indirect, in the Yinda IPT.

9. ABSTENTION FROM VOTING

All interested persons and their associates in respect of the Yinda Transactions have undertaken to abstain from voting in respect of their shareholdings in the Company (if any), and will not accept nominations as proxy or otherwise for voting at the EGM in relation to the proposed ratification of the Yinda Transactions.

10. CAUTION IN TRADING

Shareholders and potential investors of the Company should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their financial, tax, legal or other professional advisers.

By Order of the Board
YINDA INFOCOMM LIMITED

Song Xingyi
Non-Executive and Non-Independent Chairman
30 August 2018

*This Announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Company's Sponsor has not independently verified the contents of this Announcement. This Announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this Announcement, including the correctness of any of the statements or opinions made or reports contained in this Announcement.*

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