

YINDA INFOCOMM LIMITED
(Company Registration No: 201506891C)
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF YINDA TECHNOLOGY MALAYSIA SDN. BHD. AND YINDA COMMUNICATIONS (PHILIPPINES), INC. TO AN INTERESTED PERSON

1. INTRODUCTION

- 1.1 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 and its wholly-owned subsidiary, Yinda Technology Singapore Pte. Ltd. ("**Yinda SG**") (the Company and Yinda SG are collectively, the "**Vendors**") has on 5 December 2020 entered into a conditional sale and purchase agreement ("**SPA**") with Yinda Pte. Ltd. ("**YPL**").

Pursuant to the terms of the SPA, the Vendors have agreed to sell to YPL and YPL has agreed to purchase from the Company, the entire issued and paid-up share capital of Yinda Technology Malaysia Sdn. Bhd. ("**Yinda Malaysia**") and Yinda Communications (Philippines), Inc. ("**Yinda Philippines**") (collectively, the "**Target Companies**") (the "**Sale Shares**") (the "**Proposed Disposal**").

Yinda Malaysia is a wholly-owned subsidiary of the Company while Yinda Philippines is a wholly-owned subsidiary of Yinda SG.

Upon completion of the Proposed Disposal ("**Completion**"), Yinda Malaysia and Yinda Philippines shall cease to be subsidiaries of the Company.

- 1.2 The Proposed Disposal constitutes:
- (a) a "major transaction" under Chapter 10 of Section B: Rules of Catalist of the Listing Manual (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Please refer to Section 5.1 of this announcement for further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules; and
 - (b) an "interested person transaction" as defined under Chapter 9 of the Catalist Rules. Please refer to Section 6 of this announcement for further details on the Proposed Disposal as an interested person transaction.

The Proposed Disposal is subject to the approval of the shareholders of the Company ("**Shareholders**") who are deemed independent under the Catalist Rules in respect of the Proposed Disposal ("**Independent Shareholders**"). The Company intends to convene an extraordinary general meeting ("**EGM**") to seek the approval of the Independent Shareholders for the Proposed Disposal, and further information on, inter alia, the Proposed Disposal will be provided in a circular to be issued by the Company in due course.

2. INFORMATION ON YINDA MALAYSIA, YINDA PHILIPPINES AND YPL

Yinda Malaysia

- 2.1 Yinda Malaysia (f.k.a. CMC Infocomm Sdn. Bhd.) was acquired in October 2015 and currently has a share capital of MYR 2 comprising 2 shares. Yinda Malaysia was

acquired with the intention to allow the Group to undertake the provision of telecommunications solutions and services to customers in Malaysia, a place of business which the Company's previous controlling Shareholders were familiar with as they were based in Malaysia. However, subsequent to a mandatory takeover offer of the Company which was completed in June 2017, the Group was focused on its businesses in Singapore, Thailand and Philippines and Yinda Malaysia has remained dormant since the financial year ("FY") ended 31 May 2016.

- 2.2 Based on the audited financial statements of Yinda Malaysia for FY2020, Yinda Malaysia recorded a loss of MYR 66,121 (approximately S\$21,749) for FY2020 and net liability value of MYR 342,033 (approximately S\$111,270) as at 31 May 2020.

Yinda Philippines

- 2.3 Yinda Philippines (f.k.a. CMC Communications (Philippines), Inc) was incorporated on 24 June 2004 and currently has a share capital of PHP11,200,000 (approximately S\$343,760) comprising 11,200,000 shares. Yinda Philippines provides the design, development, installation, implementation and maintenance of telecommunication equipment and system for commercial and industrial applications as well as related activities to customers in the Philippines. Yinda Philippines has been recording net losses or marginal profits since FY2018 due to increasing market competition in the Philippines. This situation was further exacerbated by the COVID-19 pandemic resulting in Yinda Philippines generating only minimal revenue since March 2020.

- 2.4 Based on the audited financial statements of Yinda Philippines for FY2020, Yinda Philippines recorded a net loss of PHP24,441,951 (approximately S\$660,337) for FY2020 and net liability of PHP35,645,834 (approximately S\$995,725) as at 31 May 2020.

YPL

- 2.5 YPL is currently a Shareholder of the Company holding 14.78% of the total number of issued shares as at the date of this announcement. YPL is wholly owned by Shanghai Yinda Science and Technology Industrial Co Ltd ("**Shanghai Yinda**"). Shanghai Yinda is in turn 66.64% held by Shanghai Yinda Technology Group Co Ltd ("**Shanghai Yinda Group**"), 31.36% held by Madam Song Xingyi ("**Madam Song**"), the Non-Independent, Non-Executive Chairman of the Company, and 2% held by Ms Yang Xulan, an employee of Shanghai Yinda. Shanghai Yinda Group is in turn 51.48% held by Madam Song Xingyi, 33.66% held by Mr Wang Hua, 13.86% held by Mr Wang Zhijun and 1% held by Ms Shao Lifang. Madam Song is the spouse of Mr Wang Zhijun and mother of Mr Wang Hua. Ms Shao Lifang is the Executive Director of the Company.

- 2.6 As YPL is an associate of Madam Song, the Proposed Disposal constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

3 SALE CONSIDERATION AND RATIONALE FOR THE PROPOSED DISPOSAL

- 3.1 The purchase price for the Sale Shares ("**Purchase Price**") is a nominal consideration of S\$1 for Yinda Malaysia and S\$500 for Yinda Philippines, payable in full in cash on Completion.

- 3.2 In connection with the Proposed Disposal, the Group had engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "**Valuer**") as an independent valuer to assess and determine the market value of the 100% equity interest in the capital Yinda Philippines. Based on a valuation conducted by the Valuer, the value of the 100% equity interest in the capital of the Yinda Philippines is approximately S\$400 as at 31 October 2020. The valuation is based primarily on the market approach with reference made to the cost approach. The valuation report of the Valuer will be disclosed in the circular to Shareholders to be issued by the Company in respect of the EGM in due course.

- 3.3 No valuation was conducted on Yinda Malaysia because it has been dormant since FY2016.
- 3.4 The consideration for Yinda Malaysia was arrived at after arm's length negotiations, on a willing-buyer, willing-seller basis and taking into account the (i) net liability of Yinda Malaysia amounting to S\$111,270 as at 31 May 2020; (ii) continued losses incurred by Yinda Malaysia since FY2016, (iii) Shareholders' loan provided by the Company amounting to S\$120,915 to Yinda Malaysia which has been waived as at 27 November 2020; and (iv) the continued operating costs amounting to approximately S\$22,000 each year incurred for a dormant subsidiary.
- 3.5 The consideration for Yinda Philippines was arrived at after arm's length negotiations, on a willing-buyer, willing-seller basis and taking into account (i) the net liability of Yinda Philippines amounting to S\$996,000 as at 31 May 2020; (iii) a Shareholders' loan provided by the Company amounting to S\$1,360,890 to Yinda Philippines which has been waived as at 27 November 2020 ; and (iv) the continued annual operating costs for Yinda Philippines amounting to approximately S\$830,000 a year; and (v) the valuation conducted by the Valuer details of which are found in Section 3.2 of this announcement.
- 3.6 In view of the continued annual operating costs of an aggregate amount of approximately \$852,000 for the Target Companies and the business plans of management for the two subsidiaries, the Company has decided to exit the Malaysia and the Philippines markets. Due to the loss-making position of the Target Companies and their inability to make payment in the foreseeable future, Yinda SG had written down its investment in Yinda Philippines, and the Company had written down the Shareholders' loans provided to zero recoverable value. Taking into consideration that Yinda Malaysia is dormant and has no ability to repay the Shareholders' loans to the Company as well, the Company has prior to the execution of the SPA waived the Shareholders' loans extended to the Target Companies as at 27 November 2020.
- 3.7 The Proposed Disposal is an avenue for the Company to reduce its ongoing operational costs with its estimated aggregate annual costs of approximately \$852,000 in light of the loss-making operations in these markets. The Proposed Disposal will also be less costly to the Group as its only other alternative to exit the Malaysia and Philippines markets is to liquidate the Target Companies, which expenses are not recoverable in light of the net tangible liability positions and loss-making history of the Target Companies.

4 MATERIAL TERMS OF SPA

4.1 Conditions Precedent

The completion of the sale and purchase of the Sale Shares is subject to, *inter alia*, the following material conditions precedent being fulfilled within six months from the date of the SPA:

- (i) all third party consents necessary in connection with the transfer of the Sale Shares from the Vendors to YPL having been obtained, and if subject to conditions, on such conditions acceptable to YPL, and such consents, approvals and authorisation remaining in full force and effect and not being revoked prior to Completion;
- (ii) the Company receiving approval from its Shareholders in a general meeting to be convened for the Proposed Disposal (including but not limited to the sale of the Sale Shares as an interested person transaction and major transaction pursuant to the Catalist Rules);
- (iii) the Vendors confirming that the Target Companies having no indebtedness owing to the Vendor;

- (iv) where necessary, the receipt of the opinion from an independent financial adviser to be appointed by the Company that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders;
- (v) the receipt by the Company of the valuation report from the Valuer; and
- (vi) the parties not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened.

In the event that any of the conditions precedent are not fulfilled, the SPA shall cease and have no further effect and the Parties will not have any claims against each other.

4.2 Completion

Completion shall occur thirty days from the date on which the last of the conditions precedent are fulfilled.

4.3 Purchaser Undertaking

For the period commencing from the date of the SPA until completion, YPL shall provide any and all necessary funding and/or financial support to the Target Companies for the Target Companies' operational and working capital requirements, as and when such financial support is required and on an interest-free basis.

5 THE PROPOSED DISPOSAL UNDER CHAPTER 10 OF THE CATALIST RULES

5.1 Relative figures under Rule 1006 of the Catalist Rules

Based on the latest audited consolidated financial statements of the Group for FY2020 and the unaudited management accounts of the Target Companies for FY2020, the relative figures of the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are set out below:

Listing Rule	Content	Relative Figure (Yinda Malaysia)	Relative Figure (Yinda Philippines)	Relative Figure (Aggregate)
1006(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value for FY2020	2.45% ⁽¹⁾	89.24% ⁽²⁾	91.69% ⁽³⁾
1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits for FY2020	0.77% ⁽⁴⁾	23.00% ⁽⁵⁾	23.77% ⁽⁶⁾

Listing Rule	Content	Relative Figure (Yinda Malaysia)	Relative Figure (Yinda Philippines)	Relative Figure (Aggregate)
1006(c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	0.48% ⁽⁷⁾	5.36% ⁽⁸⁾	5.84% ⁽⁹⁾
1006(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as no equity securities will be issued.	Not applicable as no equity securities will be issued.	Not applicable as no equity securities will be issued.
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable as the Company is not a mineral, oil or gas company.	Not applicable as the Company is not a mineral, oil or gas company.	Not applicable as the Company is not a mineral, oil or gas company.

Notes:

- (1) Based on the audited net liability value of Yinda Malaysia of approximately S\$111,000 as at 31 May 2020 and Shareholders' loans amounting to S\$121,000 which have been waived prior to the Proposed Disposal, compared to the audited net asset value of the Group amounting to S\$409,000 as at 31 May 2020.
- (2) Based on the audited net liability value of Yinda Philippines of approximately S\$996,000 as at 31 May 2020 and Shareholders' loans amounting to S\$1,361,000 which have been waived prior to the Proposed Disposal, compared to the audited net asset value of the Group amounting to S\$409,000 as at 31 May 2020.
- (3) Based on the audited combined net liability value of Yinda Malaysia and Yinda Philippines of S\$1,107,000 as at 31 May 2020 and total Shareholders' loans amounting to an aggregate amount of S\$1,482,000 which have been waived prior to the Proposed Disposal, compared to the audited net asset value of the Group amounting to S\$409,000 as at 31 May 2020.
- (4) Based on the audited net losses before tax of Yinda Malaysia of approximately S\$22,000 for FY2020 and the audited net loss before tax of the Group of S\$2,869,000 for FY2020.

- (5) Based on the audited net losses before tax of Yinda Philippines of S\$660,000 for FY2020 and the audited net loss before tax of the Group of S\$2,869,000 for FY2020.
- (6) Based on the audited combined net losses before tax of Yinda Malaysia and Yinda Philippines of S\$682,000 for FY2020 and the audited net loss before tax of the Group of S\$2,869,000 for FY2020.
- (7) Based on the aggregate consideration of S\$1 and the Shareholders' loans of S\$121,000 which have been waived prior to the Proposed Disposal and the Company's market capitalisation of approximately S\$25,409,150 as at \$0.0845 as at 4 December 2020 (being the last market day preceding the date of the SPA).
- (8) Based on the aggregate consideration of S\$500 and the Shareholders' loans of S\$1,361,000 which have been waived prior to the Proposed Disposal and the Company's market capitalisation of approximately S\$25,409,150 as at \$0.0845 as at 4 December 2020 (being the last market day preceding the date of the SPA).
- (9) Based on the aggregate consideration of S\$501 and the Shareholders' loans of an aggregate amount of S\$1,482,000 which have been waived prior to the Proposed Disposal and the Company's market capitalisation of approximately S\$25,409,150 as at \$0.0845 as at 4 December 2020 (being the last market day preceding the date of the SPA).

Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 may still be applicable to the transaction in accordance with the applicable circumstances. As the relative figure computed under Rule 1006(a) exceeds 50% and the Proposed Disposal will result in a loss on disposal amounting to approximately S\$374,500 representing 13.05% of the Group's consolidated net loss for FY2020, the Proposed Disposal constitutes a "Major Transaction" and requires Shareholders' approval under Rule 1014 of the Catalist Rules. In addition, as the relative figures for Rule 1006(a) has exceeded 75% for Yinda Philippines, the Company has appointed the Valuer to carry out a valuation of Yinda Philippines pursuant to Rule 1010(5) of the Catalist Rules. Please refer to Section 3.2 of this announcement for further details of the Valuer and valuation.

5.2 Loss on Disposal and Use of Proceeds

Based on the audited consolidated financial statements of Yinda Malaysia and Yinda Philippines as at 31 May 2020, the combined net liability value and net losses attributable to the Sale Shares were S\$1,107,000 and S\$682,000 respectively. The Company expects to recognise a loss on disposal of approximately S\$374,500 from the Proposed Disposal and the proceeds is in excess of S\$1,107,500 over the book value of the Sale Shares.

The Company intends to utilise the Purchase Price of S\$501 for working capital requirements.

6 THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

6.1 Interested Person Transaction

YPL is an associate of Mdm. Song, the Non-Independent, Non-Executive Chairman of the Company, and hence is an interested person as defined in the Catalist Rules. Pursuant to Rule 906 of the Catalist Rules, an issuer must obtain Shareholders' approval for an interested person transaction of a value equal to, or more than 5% of the Group's latest audited net tangible asset ("NTA") value.

The Purchase Price of S\$501 represents 0.14% of the audited NTA of the Group for FY2020 amounting to S\$360,000. As such, the Proposed Disposal will not require

Shareholders' approval as an interested person transaction under Chapter 9 of the Catalist Rules.

6.2 Total value of Interested Person Transactions for the financial year

The Company has obtained the Anhui IPT General Mandate and the Shanghai Yinda S&T IPT General Mandate (details of which are found in the Company's addendum to the Annual Report dated 14 October 2020) to conduct interested person transactions at the 2020 AGM. There were no interested person transactions conducted under the Anhui IPT General Mandate and the Shanghai Yinda S&T IPT General Mandate from 1 June 2020 up to the date of this announcement.

Save for the proposed debt conversion of S\$1,500,000 into 20,833,333 shares of the Company which is subject to specific Shareholders' approval at a forthcoming EGM, details of which are found in the Company's announcement dated 9 November 2020, and the Proposed Disposal, there are no interested person transactions, excluding transactions which are less than S\$100,000, entered into by the Group with YPL or any other interested persons for the current financial year ending 31 May 2021.

6.3 Audit Committee Statement

The Audit Committee of the Company is of the view that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

6.4 Abstention from voting

Pursuant to Rule 919 of the Catalist Rules, YPL and its associates shall abstain from exercising their voting rights in respect of all existing issued shares in the capital of the Company owned by them and shall not accept appointments as proxies unless specific instructions as to voting are given, in respect of the resolutions to approve the Proposed Disposal.

7 FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 The tables below illustrates the financial effects of the Proposed Disposal on (a) the consolidated NTA per Share of the Group; and (b) the loss per Share ("**LPS**") of the Group based on the audited consolidated financial statements of the Group for FY2020.

The pro forma financial effects of the Proposed Disposal are for illustration only and do not reflect the actual financial effects or the future financial performance and condition of the Group after the Proposed Disposal. The financial effects are based on the following assumptions:

- (i) the financial effects of the Proposed Disposal on the NTA per Share of the Group are computed based on the assumption that the Proposed Disposal had taken place on 31 May 2020;
- (ii) the financial effects of the Proposed Disposal on the LPS is computed based on the assumption that the Proposed Disposal were completed on 1 June 2019; and
- (iii) the effects of the proposed subscriptions announced in October 2020 and November 2020 respectively, and the proposed issue of 20,833,333 debt conversion shares announced in November 2020 are disregarded.

7.2 NTA per share

	Before the Proposed Disposal	After the Proposed Disposal
NTA ⁽¹⁾ attributable to the owners of the Company (S\$)	360,000	(14,500) ⁽²⁾
Number of issued ordinary shares in the capital of the Company ⁽³⁾	152,000,000	152,000,000
NTA per Share (cents)	0.24	(0.01)

Note:

- (1) NTA means total assets less the sum of total liabilities and intangible assets.
- (2) The NTA took into account the consideration and the waiver of Shareholders' loan amounting to approximately S\$1,482,000.
- (3) The number of issued ordinary shares in the capital of the Company excludes 76,000,000 Shares and 72,700,000 Shares issued pursuant to the share subscription exercises on 16 October 2020 and 27 November 2020 respectively.

7.3 Loss per share

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to equity holders of the Company (S\$)	(3,156,000)	(3,530,500) ⁽¹⁾
Weighted average number of Shares ⁽²⁾	152,000,000	152,000,000
Earnings per share (cents)	(2.08)	(2.32)

Note:

- (1) The net loss after the disposal accounted for the loss arising from the Proposed Disposal amounting to approximately S\$374,500.
- (2) The number of issued ordinary shares in the capital of the Company excludes 76,000,000 Shares and 72,700,000 Shares issued pursuant to the share subscription exercises on 16 October 2020 and 27 November 2020 respectively.

8 CIRCULAR AND EGM

The Company will be convening an EGM to seek Shareholders' approval for the Proposed Disposal, and a circular containing, *inter alia*, the notice of the EGM and details of the Proposed Disposal will be despatched to the Shareholders in due course.

9 INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Madam Song, Ms Shao Lifang and YPL, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

10 SERVICE CONTRACTS

There is no director proposed to be appointed to the Company in connection with the Proposed Disposal.

11 DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of the Company at 5008 Ang Mo Kio Avenue 5 #04-07 Techplace II Singapore 569874 during normal business hours for 3 months from the date of this announcement. A copy of the valuation report (when issued) will be made available for inspection for 3 months from the date of the circular.

12 DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of, inter alia, the conditions set out above, and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial tax or other professional advisers. Further announcements will be made by the Company as and when appropriate.

By Order of the Board

Mdm. Song Xingyi
Non-Executive and Non-Independent Chairman
7 December 2020

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Ong Hwee Li (Tel +65 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.