

CIRCULAR DATED 15 DECEMBER 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Yinda Infocomm Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”). If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, 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 (“**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, the Notice of EGM (as defined herein) and the attached Proxy Form (as defined herein) to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”). This Circular 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 Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. 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.



YINDA INFOCOMM LIMITED

(Company Registration No. 201506891C)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

- (A) **THE PROPOSED ALLOTMENT AND ISSUE OF 20,833,333 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“DEBT CONVERSION SHARES”) TO YINDA PTE. LTD. (“YPL”) AT AN ISSUE PRICE OF S\$0.072 PER DEBT CONVERSION SHARE;**
- (B) **THE PROPOSED DISPOSAL OF YINDA TECHNOLOGY MALAYSIA SDN. BHD. AND YINDA COMMUNICATIONS (PHILIPPINES), INC. TO YPL;**
- (C) **THE PROPOSED ALLOTMENT AND ISSUE OF 8,500,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“SUBSCRIPTION SHARES”) TO CHEE TAI CHIEW AT AN ISSUE PRICE OF S\$0.072 PER SUBSCRIPTION SHARE; AND**
- (D) **THE PROPOSED NEW SHARE ISSUE MANDATE**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	27 December 2020 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	30 December 2020 at 3.00 p.m.
Place of Extraordinary General Meeting	:	The Extraordinary General Meeting will be held by way of electronic means

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

<i>“2020 AGM”</i>	:	The annual general meeting of the Company held on 29 October 2020
<i>“Act” or “Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
<i>“AGM”</i>	:	Annual general meeting
<i>“Associate”</i>	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:- (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
<i>“Board”</i>	:	The board of directors of the Company as at the Latest Practicable Date
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“Catalist Rules”</i>	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Circular”</i>	:	This circular to Shareholders dated 15 December 2020
<i>“Company”</i>	:	Yinda Infocomm Limited
<i>“Constitution”</i>	:	The constitution of the Company

DEFINITIONS

<i>“Control”</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating practices of the Company
<i>“Controlling Shareholder”</i>	:	A person (including a corporation) who: (a) holds directly or indirectly 15% or more of the issued and paid-up Shares (excluding treasury shares and subsidiary holdings); or (b) in fact exercises Control over the Company
<i>“Debt Conversion Amount”</i>	:	The aggregate amount of S\$1,500,000 to be converted into Debt Conversion Shares
<i>“Debt Conversion Deed”</i>	:	The conditional debt conversion deed entered into between the Company and YPL dated 8 November 2020
<i>“Debt Conversion Shares”</i>	:	The aggregate number of up to 20,833,333 new Shares in the capital of the Company to be allotted and issued at an issue price of S\$0.072 per Share to YPL in repayment of the Debt Conversion Amount
<i>“Debt Issue Price”</i>	:	The issue price of S\$0.072 per Debt Conversion Share
<i>“Directors”</i>	:	The directors of the Company as at the Latest Practicable Date
<i>“EGM”</i>	:	Extraordinary general meeting of the Company to be held on 30 December 2020 at 3.00 p.m., notice of which is set out on pages 43 to 47 of this Circular
<i>“Existing Share Issue Mandate”</i>	:	The general mandate obtained by the Company at the 2020 AGM, pursuant to Section 161 of the Companies Act and subject to Rule 806 of the Catalist Rules
<i>“FY”</i>	:	Financial year of the Company ended or ending 31 May (as the case may be)
<i>“Group”</i>	:	The Company and its Subsidiaries
<i>“Latest Practicable Date”</i>	:	7 December 2020, being the latest practicable date prior to the printing of this Circular
<i>“LPS”</i>	:	Loss per Share
<i>“LQN”</i>	:	Listing and quotation notice

DEFINITIONS

- “Non-Interested Directors”* : The Directors of the Company, save for Madam Song Xingyi and Ms Shao Lifang who are deemed interested in the Proposed Debt Conversion and the Proposed Disposal
- “November Share Subscription Exercise”* : The subscription of an aggregate of 81,200,000 Shares (including the Subscription Shares by the Subscriber), of which 72,700,000 Shares were issued and allotted on 27 November 2020
- “NTA”* : Net tangible assets
- “October Proceeds”* : The net proceeds raised from the October Share Subscription Exercise of approximately S\$3.8 million
- “Ordinary Resolution”* : A resolution passed by a simple majority of the Shareholders present and voting in person or by proxy at a general meeting of the Company
- “October Share Subscription Exercise”* : The allotment and issue of 76,000,000 Shares to subscribers pursuant to the subscription exercise that was completed on 16 October 2020
- “Outstanding Amount”* : The aggregate outstanding amount of S\$4,817,435, comprising a principal sum of S\$4,608,156 and accrued interest thereon of S\$209,279 as at 9 November 2020
- “Proposed Debt Conversion”* : The proposed repayment of the Debt Conversion Amount by way of the allotment and issue of the Debt Conversion Shares to YPL
- “Proposed Disposal”* : The proposed disposal of Yinda Malaysia and Yinda Philippines to YPL on the terms and subject to the conditions of the SPA
- “Proposed New Share Issue Mandate”* : The proposed new share issue mandate to be adopted by the Company pursuant to Section 161 of the Companies Act and Rule 806 of the Catalist Rules
- “Proposed Subscription”* : The proposed subscription of 8,500,000 Subscription Shares by the Subscriber pursuant to the November Share Subscription Exercise
- “Proposed Transactions”* : The Proposed Debt Conversion, the Proposed Disposal, the Proposed Subscription and the Proposed New Share Issue Mandate
- “Sale Shares”* : The Group’s entire shareholding interest in Yinda Malaysia and Yinda Philippines representing 100% of the total issued and paid-up shares of Yinda Malaysia and Yinda Philippines respectively

DEFINITIONS

<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
<i>“SFA” or “Securities and Futures Act”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shanghai Yinda”</i>	:	Shanghai Yinda Science and Technology Industrial Co Ltd
<i>“Shanghai Yinda Group”</i>	:	Shanghai Yinda Technology Group Co Ltd
<i>“Shareholders”</i>	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
<i>“Shares”</i>	:	Fully paid ordinary shares (excluding treasury shares and subsidiary holdings) in the capital of the Company
<i>“SPA”</i>	:	The sale and purchase agreement dated 5 December 2020 entered into by the Company and Yinda SG with YPL for the Proposed Disposal
<i>“Subscriber”</i>	:	Chee Tai Chiew
<i>“Subscription Agreement”</i>	:	The Subscription Agreement dated 15 November 2020 entered into between the Subscriber and the Company
<i>“Subscription Issue Price”</i>	:	The issue price of S\$0.072 per Subscription Share
<i>“Subscription Shares”</i>	:	8,500,000 Shares to be allotted and issued to the Subscriber pursuant to the terms and conditions of the subscription agreement between the Company and the Subscriber dated 15 November 2020
<i>“Substantial Shareholder”</i>	:	Shall have the same meaning ascribed to it in Section 81 of the Companies Act and Section 2(4) of the SFA, being a person who: (a) has an interest or interests in 1 or more shares in the Company; and (b) the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the shares in the Company
<i>“Valuation Report”</i>	:	The valuation report dated 15 December 2020 which is set out in Appendix 1 on pages 30 to 42 of this Circular
<i>“Target Companies”</i>	:	Yinda Malaysia and Yinda Philippines

DEFINITIONS

“Valuer”	:	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“Yinda Malaysia”	:	Yinda Technology Malaysia Sdn. Bhd., a wholly-owned subsidiary of the Company incorporated in Malaysia
“Yinda Philippines”	:	Yinda Communications (Philippines), Inc., a wholly-owned subsidiary of Yinda SG incorporated in the Philippines
“Yinda SG”	:	Yinda Technology Singapore Pte. Ltd., a wholly-owned subsidiary of the Company incorporated in Singapore
“YPL”	:	Yinda Pte. Ltd.

Currencies, Units and Others

“%” or “per cent”	:	Per centum or percentage
“S\$”, “\$” or “cents”	:	Singapore dollars and cents respectively

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA. The term “subsidiaries” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference in this Circular to shares being allotted to a person includes allotment to CDP for the account of that person.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in this Circular between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

Opal Lawyers LLC has been appointed as the legal adviser to the Company as to Singapore law in relation to this Circular.

LETTER TO SHAREHOLDERS

YINDA INFOCOMM LIMITED

Company Registration Number 201506891C
(Incorporated in the Republic of Singapore)

Directors:

Mdm Song Xingyi	<i>(Non-Executive Non-Independent Chairman)</i>
Mr Cheam Heng Haw	<i>(Lead Independent Director)</i>
Mr Chua Hoe Sing	<i>(Independent Director)</i>
Mr Aw Eng Hai	<i>(Independent Director)</i>
Ms Tang Qun	<i>(Independent Director)</i>
Ms Shao Lifang	<i>(Executive Director)</i>
Mr Tan Chee Bun Gordon	<i>(Executive Director)</i>

Registered Office:

5008 Ang Mo Kio Avenue 5
#04-07 Techplace II
Singapore 569874

15 December 2020

To: The Shareholders of Yinda Infocomm Limited

Dear Sir/Madam

- (A) THE PROPOSED ALLOTMENT AND ISSUE OF 20,833,333 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“DEBT CONVERSION SHARES”) TO YINDA PTE. LTD. (“YPL”) AT AN ISSUE PRICE OF S\$0.072 PER DEBT CONVERSION SHARE;**
- (B) THE PROPOSED DISPOSAL OF YINDA TECHNOLOGY MALAYSIA SDN. BHD. AND YINDA COMMUNICATIONS (PHILIPPINES), INC. TO YPL;**
- (C) THE PROPOSED ALLOTMENT AND ISSUE OF 8,500,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“SUBSCRIPTION SHARES”) TO CHEE TAI CHIEW AT AN ISSUE PRICE OF S\$0.072 PER SUBSCRIPTION SHARE; AND**
- (D) THE PROPOSED NEW SHARE ISSUE MANDATE.**

1. INTRODUCTION

The Board proposes to convene the EGM to be held on 30 December 2020 to seek the approval of the Shareholders for the following proposals:

- (i) The Proposed Debt Conversion;
- (ii) The Proposed Disposal;
- (iii) The Proposed Subscription; and
- (iv) The Proposed New Share Issue Mandate.

The purpose of this Circular is to provide Shareholders with relevant information of and the rationale for the Proposed Transactions, and to seek Shareholders' approval for the same at the EGM.

The Proposed Transactions are not inter-conditional upon each other.

The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made, or reports contained in this Circular. If a Shareholder is in any doubt as to the course of action he should take, he should consult his bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

LETTER TO SHAREHOLDERS

2. PROPOSED DEBT CONVERSION AND ALLOTMENT AND ISSUE OF DEBT CONVERSION SHARES

2.1 Background

In an announcement dated 9 November 2020, the Company announced, that it had entered into the Debt Conversion Deed with YPL for the Proposed Debt Conversion.

As at 9 November 2020, YPL has extended to the Company loans amounting to a total principal sum of S\$4,608,156 for working capital purposes. Of the total principal sum, S\$3,456,000 is repayable by December 2020 while the remaining S\$1,152,156 is repayable by May 2021. The loans are unsecured and bear interest at a rate of 3.25% per annum.

The total interest accrued and outstanding as at 9 November 2020 amounts to S\$209,279. Hence, the total Outstanding Amount owing by the Company to YPL as at 9 November 2020 is S\$4,817,435.

The Proposed Debt Conversion constitutes an interested person transaction under Chapter 9 of the Catalist Rules. Please refer to Section 4 of this Circular for further details on the Proposed Debt Conversion as an interested person transaction.

2.2 Terms of Debt Conversion Deed

Pursuant to the Debt Conversion Deed, YPL has agreed to convert the Debt Conversion Amount of S\$1,500,000 into 20,833,333 Debt Conversion Shares, fractional entitlements to be disregarded, at the Debt Issue Price of S\$0.072 per Debt Conversion Share. The Debt Conversion Shares are issued in partial repayment of the Outstanding Amount. Pursuant to the terms of the Debt Conversion Deed, YPL has agreed to waive its rights to any further interest which accrue on the Debt Conversion Amount from 8 November 2020.

Completion of the Proposed Debt Conversion is conditional upon, *inter alia*, the fulfilment of the following conditions precedent within six months from the date of the Debt Conversion Deed:

- (a) the receipt of the LQN for the listing and quotation of the Debt Conversion Shares on Catalist and, not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing of and quotation for the Debt Conversion Shares on Catalist are required to be fulfilled on or before the completion date for the Proposed Debt Conversion, they are so fulfilled;
- (b) the approval of Shareholders being obtained in respect of the Proposed Debt Conversion, including but not limited to the allotment and issue of the Debt Conversion Shares, and the same not having been withdrawn or revoked; and
- (c) the allotment and issue of the Debt Conversion Shares being in compliance with the SFA in connection with offers of securities and not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority of Singapore.

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

As at the Latest Practicable Date, the total amount owing by the Company to YPL is S\$4,771,548, comprising a principal sum of S\$4,559,784 and accrued interest thereon of S\$211,764.

LETTER TO SHAREHOLDERS

2.3 Debt Conversion Shares

The Debt Conversion Shares represent approximately 6.93% of the existing issued and paid-up capital of 300,700,000 Shares (excluding treasury shares and subsidiary holdings), and approximately 6.31% of the enlarged issued and paid-up 330,033,333 Shares (excluding treasury shares and subsidiary holdings) upon completion of the Proposed Debt Conversion and the Proposed Subscription. Please refer to Section 8 of this Circular for the changes in shareholdings of the Company as a result of the Proposed Debt Conversion.

The Debt Conversion Shares will be credited as fully paid-up and when allotted and issued will rank, *pari passu*, in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions declared or recommended in respect of the then existing Shares, the record date for which falls on or before the date of the issue of the Debt Conversion Shares.

2.4 Debt Issue Price

The Debt Issue Price at S\$0.072 is at a 9.77% discount to the volume weighted average price of the Company's shares on 6 November 2020 of S\$0.0798, being the last full market day on which shares were traded prior to the signing of the Debt Conversion Deed.

The issue price for each Debt Conversion Share was arrived at after taking into consideration, *inter alia*, the prevailing market conditions, the share prices of the Company during the time of entry of the Debt Conversion Deed, the rationale for the Proposed Debt Conversion as set out in Section 2.6 below, YPL's undertaking to provide financial support for the Group when necessary and the amount of financial support provided by YPL to the Company to date, and was mutually agreed between the Company and YPL.

2.5 Listing and Quotation Notice

On 23 November 2020, the Company announced that it had received the LQN from the SGX-ST for the listing of and quotation for the Debt Conversion Shares on the Catalist, subject to the following conditions:

- (a) the Company obtaining specific approval from the Shareholders for the Proposed Debt Conversion as an interested person transaction at a general meeting; and
- (b) the Company's compliance with the SGX-ST's listing requirements.

It should be noted that the LQN issued by the SGX-ST is not to be taken as an indication of the merits of the Proposed Debt Conversion, the Debt Conversion Shares, the Company, its subsidiaries and their securities.

2.6 Rationale for the Proposed Debt Conversion

Based on the latest audited financial statements of the Group for the financial year ended 31 May 2020, the Group and the Company incurred a net loss of S\$3.16 million and S\$5.13 million respectively. As at 31 May 2020, the Group's and the Company's current liabilities exceeded the current assets by \$237,000 and \$1,013,000 respectively. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environment and has impacted the Group's operations in Singapore, Philippines and Thailand as well as its financial performance, cash flows and liquidity in the last quarter of FY2020.

While the Group had, on 16 October 2020 completed the October Share Subscription Exercise which raised the October Proceeds of S\$3,800,000, the Board and Management has earmarked a majority of the October Proceeds for new business opportunities to diversify the

LETTER TO SHAREHOLDERS

revenue streams of the Group and the remaining proceeds for working capital purposes. Hence, the Group has not utilised the October Proceeds to repay the Outstanding Amount.

The Proposed Debt Conversion, though only comprising partial repayment of the Outstanding Amount, will enable the Group to (i) improve its working capital position and net tangible assets value, (ii) reduce its indebtedness, gearing and loss per share without adversely affecting the cashflow of the Group, (iii) reduce the Outstanding Amount by the Conversion Amount which is to be repaid by December 2020 in view of the current financial and cash position of the Group, and (iv) allow the Group to focus its resources on stabilising its business activities and better financial position to enable it to continue as a going concern. In respect of the remaining Outstanding Amount that is repayable by December 2020, YPL has agreed to extend the repayment date to 31 May 2021.

3. PROPOSED DISPOSAL OF YINDA MALAYSIA AND YINDA PHILIPPINES

3.1 Background

On 7 December 2020, the Company announced that the Company and its wholly-owned subsidiary Yinda SG (the Company and Yinda SG are collectively, the “Vendor”) had entered into the SPA with YPL for the sale to YPL of the Vendor’s shareholdings in Yinda Malaysia and Yinda Philippines respectively, being 100% of the total issued and paid-up shares of Yinda Malaysia and Yinda Philippines.

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, the Target Companies shall cease to be subsidiaries of the Company.

The Proposed Disposal constitutes:

- (a) a "major transaction" under Chapter 10 of the Catalist Rules. Please refer to Section 3.6 of this Circular 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 under Chapter 9 of the Catalist Rules. Please refer to Section 4 of this Circular for further details on the Proposed Disposal as an interested person transaction.

3.2 Information on Yinda Malaysia and Yinda Philippines and Rationale for the Proposed Disposal

Yinda Malaysia

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 by YPL 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 FY2016.

LETTER TO SHAREHOLDERS

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

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.

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.

Rationale for the Proposed Disposal

In view of the continued annual operating costs of an aggregate amount of approximately S\$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 as at 31 May 2020, and the Company had written down the Shareholders' loans to zero recoverable value. Taking into consideration that Yinda Malaysia is dormant and has no ability to repay the Shareholders' loans extended by the Company to Yinda Malaysia amounting to S\$120,915, the Company has prior to the execution of the SPA waived the Shareholders' loans extended to the Target Companies as at 27 November 2020.

The Proposed Disposal is an avenue for the Company to reduce its ongoing operational costs with its estimated aggregate annual costs of approximately S\$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.

3.3 Terms of the SPA

Purchase Price

The purchase price for the Sale Shares is a nominal consideration of S\$1 for Yinda Malaysia and S\$500 for Yinda Philippines, payable in full in cash on completion, which shall occur within thirty days after the last of the conditions precedent are fulfilled.

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

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operating costs amounting to approximately S\$22,000 each year incurred for a dormant subsidiary.

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; (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 3.4 of this Circular.

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 Vendor 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 Vendor confirming that the Target Companies have 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.

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.

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3.4 Value of the Sale Shares

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 of Yinda Philippines. Based on the valuation conducted by the Valuer, the market value of the 100% equity interest in the capital of 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.

No valuation was conducted on Yinda Malaysia because it has been dormant since FY2016.

Shareholders may refer to Appendix 1 of this Circular for details of the Valuation Report issued by the Valuer.

3.5 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 are 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.

3.6 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⁾
1006(c)	Aggregate value of the consideration given or received, compared with the	0.48% ⁽⁷⁾	5.36% ⁽⁸⁾	5.84% ⁽⁹⁾

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Listing Rule	Content	Relative Figure (Yinda Malaysia)	Relative Figure (Yinda Philippines)	Relative Figure (Aggregate)
	issuer's market capitalisation based on the total number of issued shares excluding treasury shares			
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.

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- (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 1014(5) of the Catalist Rules. Please refer to Section 3.4 of this Circular for further details of the Valuer and valuation.

3.7 Service Contracts

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

4. PROPOSED DEBT CONVERSION AND PROPOSED DISPOSAL AS INTERESTED PERSON TRANSACTION ("IPT")

4.1 Interested Persons under Chapter 9 of the Catalist Rules

As at the Latest Practicable Date, YPL holds 44,437,180 Shares representing 14.78% in the capital of the Company.

YPL is wholly owned by Shanghai Yinda, which in turn is 66.64% held by Shanghai Yinda Group, 31.36% held by Madam Song Xingyi, and 2% 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 Xingyi is the Non-Independent, Non-Executive Chairman of the Company and the spouse of Mr Wang Zhijun and mother of Mr Wang Hua. Ms Shao Lifang is an Executive Director of the Company.

As such, YPL is an Associate of Madam Song Xingyi and is accordingly an interested person as defined in the Catalist Rules.

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4.2 Thresholds under Chapter 9 of the Catalist Rules

Pursuant to Rule 905 of the Catalist Rules, where the value of a transaction with an interested person singly, or, in aggregation with the values of other transactions entered into with the same interested person during the same financial year, equals or exceeds 3.0% of the Group's latest audited NTA, an immediate announcement shall be made regarding that transaction.

Pursuant to Rule 906 of the Catalist Rules, where the value of a transaction with an interested person singly, or, in aggregation with the values of other transactions entered into with the same interested person during the same financial year, equals or exceeds 5.0% of the Group's latest audited NTA, that transaction shall be subject to the approval of the Shareholders.

Based on the audited consolidated financial statements of the Group for FY2020, the NTA of the Group is approximately S\$360,000 as at 31 May 2020.

4.3 Value of Interested Person Transaction

Proposed Debt Conversion

As the Company intends to repay the Debt Conversion Amount by way of the Proposed Debt Conversion, the value of the IPT (being the amount at risk to the Company) is the amount of the Proposed Debt Conversion of S\$1,500,000, representing approximately 416.67% of the audited NTA of the Group for FY2020 amounting to S\$360,000. As such, Shareholders' approval is required for the Proposed Debt Conversion at an EGM in accordance with Rule 906(1)(a) of the Catalist Rules as the transaction has exceed 5% of the Group's NTA for FY2020.

Proposed Disposal

The purchase price of S\$501 for the Sale Shares 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.

4.4 Total amount of Interested Person Transactions

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 IPTs conducted under the Anhui IPT General Mandate and the Shanghai Yinda S&T IPT General Mandate from 1 June 2020 up to the Latest Practicable Date.

Save for the Proposed Debt Conversion and the Proposed Disposal, there are no IPT, 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.

4.5 Abstention from voting

Pursuant to Rule 919 of the Catalist Rules, Madam Song Xingyi, Ms Shao Lifang and their Associates, including YPL shall abstain from exercising their voting rights in respect of all Shares 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 Debt Conversion and the Proposed Disposal.

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5. PROPOSED SUBSCRIPTION BY SUBSTANTIAL SHAREHOLDER

5.1 Background

On 15 November 2020, the Company announced that it had entered into subscription agreements with 9 investors (including the Subscriber) for an aggregate subscription of 81,200,000 Shares. Of the 81,200,000 Shares, the Subscriber will be subscribing for 8,500,000 Shares pursuant to terms of the Subscription Agreement. Please refer to the Company's announcement dated 15 November 2020 for further details regarding the November Share Subscription Exercise.

The Company completed the allotment and issue of 72,700,000 Shares to the other 8 investors on 27 November 2020 under the Existing Share Issue Mandate.

5.2 Information of the Subscriber

Shareholders should note that the information relating to the Subscriber in this Circular was provided by him. The Company and the Directors have not independently verified the accuracy and correctness of such information.

The Subscriber is a director of HC Auto Pte. Ltd. and he had participated in both the October Share Subscription Exercise and the November Share Subscription Exercise. As at 15 November 2020 (being the date of the Subscription Agreement signed between the Company and the Subscriber), the Subscriber was a Substantial Shareholder holding 12,000,000 Shares representing 5.26% of the issued and paid-up 228,000,000 Shares (excluding treasury shares and subsidiary holdings) of the Company then. As the Subscriber was a Substantial Shareholder of the Company at the time of entry of the Subscription Agreement, Shareholders' approval will be sought for the issue and allotment of 8,500,000 Subscription Shares to him at the EGM pursuant to Rule 812(1) of the Catalist Rules.

As at the Latest Practicable Date of this Circular, the Subscriber holds 12,000,000 Shares representing 3.99% of the existing issued and paid up capital of 300,700,000 Shares (excluding treasury shares and subsidiary holdings).

The Subscriber was introduced to the Group through Mr Tan Chin Tuan, an Associate of an existing Shareholder of the Company. He has represented and warranted that he has subscribed for the Subscription Shares for his own financial investment purposes and will not be holding the Subscription Shares on trust or as a nominee. He has also confirmed that he has no intention of influencing the management of, or exercising control over, the Company, and is not acting in concert, as defined in The Singapore Code on Takeovers and Mergers with any persons to obtain or consolidate control of the Company.

No share borrowing arrangements has been entered into to facilitate the Proposed Subscription and the Subscription Shares are not subject to any moratorium.

No commission or introducer fee is paid or payable by the Company in connection with the Proposed Subscription.

Save as disclosed, to the best of the Company's knowledge, the Subscriber does not have any connection (including business relationships) with the Company, its Directors and Substantial Shareholders.

5.3 Terms of the Proposed Subscription

The Company will allot and issue the Subscription Shares to the Subscriber at the Subscription Issue Price for an aggregate consideration of S\$612,000, conditional upon, among others:

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- (i) the LQN being obtained from the SGX-ST for the listing of and quotation for the Subscription Shares on the Catalist;
- (ii) (if applicable) the approval of the Shareholders in a general meeting for the allotment and issue of the Subscription Shares at the Subscription Price;
- (iii) the exemptions under Section 275 of the SFA being applicable to the Proposed Subscription;
- (iv) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore or any jurisdiction which is applicable to the Company; and
- (v) the representations, warranties and undertakings in the Subscription Agreement remaining true and correct in all material respects as at the completion date of the Proposed Subscription and the Company having performed all of its obligations thereunder.

If any of the conditions have not been satisfied on or before the date falling 3 months after the date of the Subscription Agreement or such other date as the parties may mutually agree, the Subscription Agreement shall terminate and shall be of no further effect and no party thereto shall be under any liability to the other.

The Subscriber shall pay the aggregate consideration of S\$612,000 to the Company within two business days from the Company's receipt of the LQN or the approval of the Shareholders of the Company at the EGM for the allotment and issue of the Subscription Shares at the Subscription Issue Price, whichever is later. Completion of the Proposed Subscription will occur within three business days after the Company's receipt of the aggregate consideration.

5.4 Subscription Shares

The Subscription Shares represent approximately 2.83% of the existing issued and paid-up 300,700,000 Shares, and approximately 2.58% of the enlarged issued and paid-up 330,033,333 Shares upon completion of the Proposed Debt Conversion and the Proposed Subscription. Please refer to Section 8 of this Circular for the changes in shareholdings of the Company as a result of the Proposed Subscription.

Subsequent to the completion of the Proposed Subscription, the Subscriber will hold 20,500,000 Shares representing 6.21% of the enlarged issued and paid-up 330,033,333 Shares upon completion of the Proposed Debt Conversion and the Proposed Subscription.

The Subscription Shares will be credited as fully paid-up and when allotted and issued will rank, *pari passu*, in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions declared or recommended in respect of the then existing Shares, the record date for which falls on or before the date of the issue of the Subscription Shares.

5.5 Subscription Issue Price

The Subscription Issue Price of S\$0.072 is at a discount of 9.55% to the volume weighted average price of S\$0.0796 for trades done on the Shares on the Catalist on 11 November 2020, being the preceding full market day on which the Shares were traded up to the time the Subscription Agreement was signed. The Subscription Issue Price was arrived at pursuant to

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discussions with the Subscriber, taking into account, among others, the prevailing market price of the Shares.

The discount is within the limit prescribed by Rule 811(1) of the Catalist Rules.

5.6 Listing and Quotation Notice

On 23 November 2020, the Company announced that it had received the LQN from the SGX-ST for the listing of and quotation for the Debt Conversion Shares on the Catalist, subject to the following conditions:

- (a) the Company obtaining specific approval from the Shareholders for the issue of 8,500,000 Subscription Shares to the Subscriber at a general meeting; and
- (b) the Company's compliance with the SGX-ST's listing requirements.

It should be noted that the LQN issued by the SGX-ST is not to be taken as an indication of the merits of the Proposed Subscription, the Subscription Shares, the Company, its subsidiaries and their securities.

5.7 Rationale for the Proposed Subscription and Use of Proceeds

Notwithstanding that the Company has yet to fully utilise the proceeds from the October Share Subscription Exercise, the Proposed Subscription is beneficial for the Group as this will further strengthen its financial position and improve its cash flow to support the working capital requirements of the Group, given its current loss-making position. In addition, the Proposed Subscription will also provide additional resources and funding for the Group to pursue new business opportunities as and when they arise, such as the potential acquisition of up to 51% interest in International Biometrics Pte. Ltd. announced on 2 November 2020 when the terms of the same have been finalised.

As stated in the announcement on 17 November 2020, the Board and Management has allocated around 60% to 70% of the net proceeds from the October Share Subscription Exercise amounting to S\$2.3 million to S\$2.6 million and 70% to 80% of the net proceeds from the November Share Subscription Exercise amounting to S\$4.1 million to S\$4.6 million for the purposes of new business opportunities, including the potential acquisition of International Biometrics Pte. Ltd. The remaining 20% to 30% of the net proceeds from the November Share Subscription Exercise amounting to S\$1.2 million to S\$1.7 million is intended for working capital purposes.

Pending the deployment of the proceeds from the Proposed Subscription, the Company intends to place the proceeds with banks and/or financial institutions or use the proceeds for any other purposes on a short-term basis, as the Directors may deem fit.

The Company will make periodic announcements on the utilisation of the proceeds from the Proposed Subscription as and when the funds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the proceeds in the Company's half year and full year financial statements and the Company's annual report. Where the proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and the annual report. Where there is any material deviation from the stated use of the proceeds, the Company will announce the reasons for such deviation.

As at the Latest Practicable Date, the Company has utilised S\$914,000 from the October Share Subscription Exercise. Since the Company's announcement dated 27 November 2020, the

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Company has further utilised S\$70,000 for working capital (mainly staff costs and professional fees) and S\$50,000 for new business opportunities.

6. SHAREHOLDERS' APPROVAL FOR THE ISSUE OF DEBT CONVERSION SHARES AND SUBSCRIPTION SHARES TO RESTRICTED PERSONS UNDER CHAPTER 8 OF THE CATALIST RULES

6.1 Debt Conversion Shares

6.1.1 Rule 803 of the Catalist Rules

Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.

As at the Latest Practicable Date, YPL is a Substantial Shareholder of the Company holding 44,437,180 Shares representing 14.78% of the existing issued and paid-up capital of 300,700,000 Shares. Subsequent to the completion of the Proposed Debt Conversion, YPL will hold 65,270,513 representing 19.78% of the enlarged issued and paid-up 330,033,333 Shares upon completion of the Proposed Debt Conversion and the Proposed Subscription and become a Controlling Shareholder of the Company.

6.1.2 Rule 804 and Rule 812 of the Catalist Rules

Rule 804 of the Catalist Rules further provides, among others, that except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.

In addition, Rule 812(1) and Rule 812(2) of the Catalist Rules provide that an issue of shares must not be placed to an issuer's directors and substantial shareholders unless specific shareholders' approval has been obtained for such placement, and the person, and its associates, must abstain from voting on the resolution approving the placement.

As the Debt Conversion Shares will be allotted and issued to YPL which is a Substantial Shareholder and an Associate of Madam Song Xingyi, who is the Non-Independent Non-Executive Chairman of the Board, Shareholders' approval is required to be obtained in connection with the Proposed Debt Conversion pursuant to Rule 804 and Rule 812(2) of the Catalist Rules.

Pursuant to Rule 804 and Rule 812(2) of the Catalist Rules, Madam Song Xingyi and Ms Shao Lifang will abstain, and procure that their Associates (including YPL) abstain, from exercising their voting rights in respect of all existing issued Shares owned by them, and will not accept appointments as proxy unless specific instructions as to voting are given, in respect of the Ordinary Resolutions to approve the Proposed Debt Conversion and the allotment and issue of Debt Conversion Shares to YPL.

6.1.3 Rule 805(1) of the Catalist Rules

Section 161 of the Companies Act and Rule 805(1) of the Catalist Rules provide, among others, that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer unless the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer is made pursuant to a general mandate previously

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obtained from shareholders of the issuer at a general meeting as provided in Rule 806 of the Catalist Rules.

The allotment and issue of the Debt Conversion Shares will be made pursuant to a specific mandate and the Company is seeking specific Shareholder's approval for the allotment and issue of the Debt Conversion Shares in accordance with Rule 805(1) of the Catalist Rules. The Debt Conversion Shares will not be issued pursuant to the Existing Share Issue Mandate.

6.2 **Subscription Shares**

6.2.1 Rule 812 of the Catalist Rules

Rule 812(2) of the Catalist Rules provide that an issue of shares must not be placed to an issuer's substantial shareholders unless specific shareholders' approval has been obtained for such placement, and the person, and its associates, must abstain from voting on the resolution approving the placement.

As the Subscriber was a Substantial Shareholder of the Company at the time of entry of the Subscription Agreement, Shareholders' approval will be sought for the issue and allotment of the Subscription Shares to him at the EGM pursuant to Rule 812(2) of the Catalist Rules.

Pursuant to Rule 812(2) of the Catalist Rules, the Subscriber will abstain and shall procure that his Associates abstain from exercising their voting rights in respect of all Shares 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 Subscription and the issue and allotment of Subscription Shares.

6.2.2 Rule 805(1) of the Catalist Rules

Section 161 of the Companies Act and Rule 805(1) of the Catalist Rules provide, among others, that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer unless the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer is made pursuant to a general mandate previously obtained from shareholders of the issuer at a general meeting as provided in Rule 806 of the Catalist Rules.

The allotment and issue of the Subscription Shares will be made pursuant to a specific mandate and the Company is seeking specific Shareholder's approval for the allotment and issue of the Subscription Shares in accordance with Rule 805(1) of the Catalist Rules. The Subscription Shares will not be issued pursuant to the Existing Share Issue Mandate.

7. **FINANCIAL EFFECTS**

7.1 **Bases and Assumptions**

The section below illustrates the financial effects of the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription based on the audited consolidated financial statements of the Group for the financial year ended 31 May 2020. The pro forma financial effects of the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription are for illustration only and do not reflect the actual financial effects or the future financial

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performance and condition of the Group after the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription.

The financial effects are based on the following assumptions:

- (i) the financial effects of the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription on the NTA per Share of the Group are computed based on the assumption that the Proposed Debt Conversion and the Proposed Subscription had taken place on 31 May 2020;
- (ii) the financial effects of the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription on the LPS is computed based on the assumption that the Proposed Debt Conversion and the Proposed Subscription were completed on 1 June 2019;
- (iii) the number of Shares as at the Latest Practicable Date amounts to S\$300,700,000 Shares; and
- (iv) the expenses incurred in connection with the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription amount to approximately S\$0.16 million.

7.2 Share Capital

Assuming that the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription had taken place on 31 May 2020, the effects of the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription on the issued and paid-up share capital of the Company as at 31 May 2020 are set out below:

	Before the Proposed Debt Conversion	After the Proposed Debt Conversion	After the Proposed Debt Conversion and the Proposed Disposal	After the Proposed Debt Conversion, the Proposed Disposal and the Proposed Subscription
Share Capital (S\$)	23,524,770	24,974,770	24,939,770	25,476,770
Number of Shares	300,700,000	321,533,333	321,533,333	330,033,333

7.3 NTA per Share

Assuming that the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription had taken place on 31 May 2020, the effects of the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription on the NTA per Share of the Company as at 31 May 2020 are set out below:

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	Before the Proposed Debt Conversion	the After the Proposed Debt Conversion	After the Proposed Debt Conversion and the Proposed Disposal	After the Proposed Debt Conversion, the Proposed Disposal and the Proposed Subscription
NTA attributable to equity holders of the Company (S\$)	360,000	1,810,000	1,400,501	1,937,501
Number of Shares	300,700,000	321,533,333	321,533,333	330,033,333
NTA per share (S\$ cents)	0.12	0.56	0.44	0.59

7.4 LPS

Assuming that the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription had been completed on 1 June 2019, the effects of the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription on the LPS of the Group for FY2020 are set out below:

	Before the Proposed Debt Conversion	After the Proposed Debt Conversion	After the Proposed Debt Conversion and the Proposed Disposal	After the Proposed Debt Conversion, the Proposed Disposal and the Proposed Subscription
Net loss attributable to equity holders of the Company (S\$) ^(a)	(3,156,000)	(3,157,250)	(3,566,749)	(3,641,749)
Weighted average number of Shares	300,700,000	321,533,333	321,533,333	330,033,333
LPS (S\$ cents)	(1.05)	(0.98)	(1.11)	(1.10)

Note:

^(a) Net loss attributable to equity holders of the Company is computed after taking into consideration estimated expenses incurred for the proposed debt conversion of S\$50,000 and loan interest savings of S\$48,750.

7.5 Gearing Ratio

Assuming the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription had taken place on 31 May 2020, the financial effects on the gearing of the Group as at 31 May 2020 are as follows:

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	Before the Proposed Debt Conversion	After the Proposed Debt Conversion	After the Proposed Debt Conversion and the Proposed Disposal	After the Proposed Debt Conversion, the Proposed Disposal and the Proposed Subscription
Total borrowings (S\$) ⁽¹⁾	6,314,000	4,814,000	4,814,000	4,814,000
Net borrowings (S\$) ⁽²⁾	5,888,000	4,438,000	4,472,499	3,935,499
Total equity (S\$)	409,000	1,859,000	1,449,501	1,986,501
Gearing ⁽³⁾	15.44	2.59	3.32	2.42
Net gearing ⁽⁴⁾	14.40	2.39	3.09	1.98

Notes:

- (1) Total borrowings is a summation of borrowings from financial institution, leases, factoring and loan from YPL as at 31 May 2020.
- (2) Net borrowings are total borrowings less cash and cash equivalents.
- (3) Gearing is computed using total borrowings divided by total equity.
- (4) Net gearing is computed using net borrowings divided by total equity.

8. CHANGES IN SHAREHOLDINGS IN THE COMPANY

Based on the shareholdings of the Company as at the Latest Practicable Date, the effect of the Proposed Debt Conversion and the Proposed Subscription on the shareholdings of the Directors, Substantial Shareholders and existing public Shareholders are as follows:

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	As at the Latest Practicable Date				After the Proposed Debt Conversion				After the Proposed Debt Conversion and the Proposed Subscription			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾
Directors												
Song Xingyi ⁽⁴⁾	-	-	44,437,180	14.78	-	-	65,270,513	20.30	-	-	65,270,513	19.78
Shao Lifang	-	-	-	-	-	-	-	-	-	-	-	-
Tan Chee Bun Gordon	-	-	-	-	-	-	-	-	-	-	-	-
Cheam Heng Haw, Howard	-	-	-	-	-	-	-	-	-	-	-	-
Chua Hoe Sing	-	-	-	-	-	-	-	-	-	-	-	-
Aw Eng Hai	-	-	-	-	-	-	-	-	-	-	-	-
Tang Qun	-	-	-	-	-	-	-	-	-	-	-	-
Substantial Shareholders (other than Directors)												
YPL	44,437,180	14.78	-	-	65,270,513	20.30	-	-	65,270,513	19.78	-	-
Shanghai Yinda, Shanghai Yinda Group, Wang Hua and Wang Zhi Jun ⁽⁴⁾	-	-	44,437,180	14.78	-	-	65,270,513	20.30	-	-	65,270,513	19.78
Chee Tuck Hong	27,360,000	9.10	-	-	27,360,000	8.51	-	-	27,360,000	8.29	-	-
Subscriber	12,000,000	3.99	-	-	12,000,000	3.73	-	-	20,500,000	6.21	-	-
Existing Public Shareholders	216,902,820	72.13	-	-	216,902,820	67.46	-	-	216,902,820	65.72	-	-
Total	<u>300,700,000</u>	<u>100.00</u>			<u>321,533,333</u>	<u>100.00</u>			<u>330,033,333</u>	<u>100.00</u>		

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Notes:

- (1) Based on 300,700,000 Shares as at the Latest Practicable Date.
- (2) Based on 321,533,333 Shares after the Proposed Debt Conversion but before the Proposed Subscription.
- (3) Based on 330,033,333 Shares after the completion of the Proposed Debt Conversion and the Proposed Subscription.
- (4) YPL is wholly owned by Shanghai Yinda, which in turn is 66.64% held by Shanghai Yinda Group, 31.36% held by Madam Song Xingyi, the Non-Independent, Non-Executive Chairman of the Company and 2% 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, 1% held by Ms Shao Lifang and. Madam Song Xingyi is the spouse of Mr Wang Zhijun and mother of Mr Wang Hua. Ms Shao Lifang is an Executive Director of the Company.

Assuming there are no changes in the shareholdings as set out in the table from the Latest Practicable Date up to the date of completion of the Proposed Debt Conversion and the Proposed Subscription, approximately 67.46% and 65.72% of the Shares will be held in the hands of the public based on the enlarged Shares following (i) the Proposed Debt Conversion; and (ii) the Proposed Debt Conversion and the Proposed Subscription, respectively. Accordingly, the Company would be in compliance with Rule 723 of the Catalist Rules.

As at the Latest Practicable Date, the Company has not granted any options or issued any rights, warrants or other securities convertible into, exercisable for or redeemable into any Shares.

Save as disclosed in Sections 2, 3, 4 and 5 of this Circular, none of the Directors or Substantial Shareholders and their respective associates has any interest, direct or indirect, in the Proposed Debt Conversion, Proposed Disposal and the Proposed Subscription, and other than through their respective shareholdings (if any) in the Company.

9. PROPOSED NEW SHARE ISSUE MANDATE

9.1 Existing Share Issue Mandate

The Company had, at its 2020 AGM, passed a resolution pursuant to Section 161 of the Companies Act and Rule 806 of the Catalist Rules granting the Directors authority to allot and issue Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time the Existing Share Issue Mandate was passed, of which the aggregate number of Shares to be issued other than on a pro rata basis to the existing Shareholders of the Company shall not exceed 50% (excluding treasury shares and subsidiary holdings) pursuant to the Existing Share Issue Mandate. The number of issued Shares (excluding treasury shares and subsidiary holdings) at the time the Existing Share Issue Mandate was passed was 228,000,000 Shares.

Utilising the Existing Share Issue Mandate, the Company had on 27 November 2020 allotted and issued 72,700,000 new Shares (representing 31.89% of the total number of issued Shares in the capital of the Company of 228,000,000 issued Shares on the date of the 2020 AGM, pursuant to the November Share Subscription Exercise.

Following the above Share issuance, and the Company is left with a balance of:

- (i) 41,300,000 Shares which can be issued pursuant to the Existing Share Issue Mandate other than on a *pro rata* basis to existing Shareholders; or

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- (ii) 155,300,000 Shares which can be issued pursuant to the Existing Share Issue Mandate to existing Shareholders on a *pro rata* basis.

In light of the changes to the capital structure of the Company brought about by the November Share Subscription Exercise and (if approved by Shareholders) the Proposed Debt Conversion and the Proposed Subscription, it is proposed that the Existing Share Issue Mandate be revoked and the Proposed New Share Issue Mandate be granted to the Directors pursuant to Section 161 of the Companies Act and Rule 806 of the Catalyst Rules.

9.2 Rationale for the Proposed New Share Issue Mandate

As disclosed in page 3 of the Company's Annual Report 2020, the Group is actively taking steps to manage its costs and streamline its business processes due to the effect of COVID-19 on its operations, so as to achieve cost and operational optimization. In addition, the Company is considering new business opportunities to diversify its revenue stream. It is anticipated that the Group will require more funds, either through internally generated resources or external funding, to support the Group's efforts to streamline its existing businesses and to pursue new business opportunities. The Proposed New Share Issue Mandate will give the Board a mandate to issue new Shares with higher maximum limits as explained in Section 9.3 of this Circular, thus giving the Board greater flexibility in planning its fund-raising exercises in order to cater for future operational requirements and business expansion.

The Directors are of the opinion that a general (as opposed to a specific) approval for the Board to issue new Shares of the Company under the Proposed New Share Issue Mandate will enable the Company to act quickly and take advantage of market conditions as well as enable the Directors to have greater flexibility and scope in negotiating with third parties in potential fund raising exercises or other arrangements or transactions involving the capital of the Company. The expense and delay or otherwise in having to convene further general meetings of the Company to approve the allotment and issue of new Shares and/or convertible securities of the Company in excess of the Existing Share Issue Mandate would also be avoided.

Due to the volatility of the stock market, and the typical time of around 2 to 3 months taken to prepare for a general meeting should Shareholders' approval be required, investors in general will not be prepared to commit to an investment involving listed securities unless a huge discount from the trading market price of the Shares is given to them. It will not be favourable to the Company and its minority Shareholders if the Company is being placed in a position to give a huge discount from the trading market price of the Shares in order to raise funds through a share placement.

9.3 Details of the Proposed New Share Issue Mandate

The Proposed New Share Issue Mandate, if approved, will authorise the Directors to:

- (i) issue new Shares or convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise);
- (ii) make, 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, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and
- (iii) notwithstanding that the authority may have ceased to be in force, issue Shares in pursuance of any Instruments made or granted by the Directors while this authority was in force,

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subject to the following limitations namely, that the aggregate number of Shares and securities convertible into Shares that may be issued must not be more than 100% of the issued Shares, of which the aggregate number of Shares and securities convertible into Shares issued other than on a pro rata basis to existing Shareholders must not be more than 50% of the issued Shares. For the purpose of determining the aggregate number of Shares and securities convertible into Shares that may be issued under the Proposed New Share Issue Mandate, the percentage of issued Shares shall be based on the existing Shares at the time the Proposed New Share Issue Mandate is passed, after adjusting for:

- (a) new Shares arising from the conversion or exercise of any convertible securities;
- (b) new Shares arising from the exercise of share options or the vesting of share awards;
- (c) any subsequent bonus issue, consolidation or sub-division of the Shares; and
- (d) the Debt Conversion Shares and the Subscription Shares.

Adjustments in accordance with (a) or (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the Proposed New Share Issue Mandate.

The Proposed New Share Issue Mandate, once approved, will continue in force until the conclusion of the Company's next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier, unless revoked or varied by the Company in a general meeting.

10. CONSENT OF VALUER

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the Valuer appointed to assess the value of the Sale Shares, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Valuation Report set out in Appendix 1 of this Circular and references to its name in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 43 of this Circular, will be held via electronic means on 30 December 2020 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the notice of EGM.

12. AUDIT COMMITTEE STATEMENT

Pursuant to Rule 921(4)(b)(i) of the Catalist Rules, the opinion of an independent financial adviser is not required for an issue of Shares pursuant to Part IV of Chapter 8 of the Catalist Rules, if the Audit Committee provides an opinion in the form required in Rule 917(4)(a). Hence, the opinion of an independent financial adviser is not required for the Proposed Debt Conversion.

The Audit Committee having reviewed, *inter alia*,

- (a) the rationale for, the terms and conditions of the Debt Conversion Deed and the financial effects of the Proposed Debt Conversion; and
- (b) the rationale for, the terms and conditions of the SPA and the financial effects of the Proposed Disposal,

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is of the opinion that the terms of the Proposed Debt Conversion and the Proposed Disposal are on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders.

13. DIRECTORS' CONFIRMATIONS

The Directors confirm that as at the Latest Practicable Date, the Directors are of the opinion that after taking into consideration the present bank facilities available to the Group, the proceeds from the October Share Subscription Exercise and the November Share Subscription Exercise, and the continued financial support from the holding company of YPL, the working capital available to the Group is sufficient to meet its present requirements

14. DIRECTORS' RECOMMENDATIONS

- (a) The Non-Interested Directors have considered and reviewed, *inter alia*, the terms and conditions of the Debt Conversion Deed, the rationale for, and the financial effects of the Proposed Debt Conversion and all other relevant facts set out in this Circular. Save for Madam Song Xingyi and Ms Shao Lifang who have refrained from making any recommendation in respect of the Proposed Debt Conversion, the Non-Interested Directors are collectively of the view that the Proposed Debt Conversion is in the best interests of the Company. The Non-Interested Directors therefore recommend that Shareholders vote in favour of the Proposed Debt Conversion at the EGM.
- (b) The Non-Interested Directors have considered and reviewed, *inter alia*, the terms and conditions of the SPA, the rationale for, and the financial effects of the Proposed Disposal and all other relevant facts set out in this Circular. Save for Madam Song Xingyi and Ms Shao Lifang who have refrained from making any recommendation in respect of the Proposed Disposal, the Non-Interested Directors are collectively of the view that the Proposed Disposal is in the best interests of the Company. The Non-Interested Directors therefore recommend that Shareholders vote in favour of the Proposed Disposal at the EGM.
- (c) The Directors have considered and reviewed, *inter alia*, the terms and conditions of Subscription Agreement, the rationale for, and the financial effects of the Proposed Subscription and all other relevant facts set out in this Circular. The Directors are collectively of the view that the Proposed Subscription is in the best interests of the Company. The Directors therefore recommend that Shareholders vote in favour of the Proposed Subscription at the EGM.
- (d) The Directors have considered the rationale and benefits of the Proposed New Share Issue Mandate and are of the opinion that the Proposed New Share Issue Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Proposed New Share Issue Mandate.

Shareholders are advised to read this Circular in its entirety, in particular the rationale for and the financial effects of the Proposed Debt Conversion and the Proposed Subscription. Shareholders who may require advice in the context of their specific investment in the Shares should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser.

15. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

Madam Song Xingyi, Ms Shao Lifang and their Associates (including YPL) will abstain from voting on Ordinary Resolution 1 set out in the Notice of EGM approving the allotment and issue of the Debt Conversion Shares to YPL and Ordinary Resolution 2 set out in the Notice of EGM approving the terms of the Proposed Disposal.

The Subscriber and his Associates will abstain from voting on Ordinary Resolution 3 approving the allotment and issue of the Subscription Shares to himself.

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Madam Song Xingyi, Ms Shao Lifang, the Subscriber and their Associates (including YPL) will also not accept any nominations to act as proxy for any Shareholder in voting on the respective Ordinary Resolutions unless specific instruction has been given in the proxy form as to the manner in which votes are to be cast in respect of such Ordinary Resolution. The Company will disregard any votes cast on the aforesaid resolutions by the persons required to abstain from voting pursuant to the relevant Catalist Rules or pursuant to a court order where such court order is served on the Company.

16. ACTION TO BE TAKEN BY SHAREHOLDERS

- (a) Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf must complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon and submitted by: (a) mail to the Company's registered office at 5008 Ang Mo Kio Avenue 5 #04-07 Techplace II Singapore 569874; or (b) submitted by email to proxy@yinda.com.sg by no later than by 3.00 p.m. on 27 December 2020, being 72 hours before the time appointed for holding the EGM.
- (b) A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the EGM.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

18. INSPECTION OF DOCUMENTS

The following documents are 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 a period of three (3) months from the date of this Circular:

- (a) the Annual Report of the Company for FY2020;
- (b) the Constitution of the Company;
- (c) the Debt Conversion Deed;
- (d) the Subscription Agreement;
- (e) the SPA;
- (f) the valuation report dated 15 December 2020 issued by the Valuer; and
- (g) the letter of consent from the Valuer, referred to in Section 10 of this Circular.

Yours faithfully
For and on behalf of the Board of Directors

Mr Tan Chee Bun Gordon
Executive Director



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Tel +852 2846 5000 Fax +852 2169 6001
Company Licence No.: C-030171

15 December 2020

The Board of Directors
Yinda Infocomm Limited
Block 5008 Ang Mo Kio Avenue 5
#04-07 Techplace II,
Singapore 569874

Dear Sirs,

In accordance with the instructions from Yinda Infocomm Limited (the “**Company**”), Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**”) has undertaken a valuation exercise which requires us to express an independent opinion on the market value of 100% equity interest in Yinda Communications (Philippines), Inc. (the “**Target Company**”) as at 31 October 2020 (the “**Valuation Date**”). The report which follows is dated 15 December 2020 (the “**Report Date**”). The purpose of this valuation is to express an independent opinion for the Company’s internal reference and public disclosure for the proposed disposal of the Target Company to an interested person.

Our valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

BACKGROUND

The Target Company, a wholly-owned subsidiary of Yinda Technology Singapore Pte. Ltd. (“**Yinda SG**”), was incorporated on 24 June 2004 and currently has a share capital of PHP11,200,000 (approximately SGD343,760) comprising 11,200,000 shares. Yinda SG is a wholly-owned subsidiary of the Company. The Target Company provides the design, development, installation, implementation and maintenance of antenna distribution and transmission systems for commercial and industrial applications and to act as system integrator in the Philippines.

The subject of this valuation is 100% equity interest in the Target Company. (the “**Subject**”).

FINANCIAL PERFORMANCE OF THE TARGET COMPANY

Revenue

Based on the statutory financial statement of the Target Company for the financial year ended 31 May 2018, 31 May 2019 and 2020 as well as the five month period ended 31 October 2020, the Target Company's revenue was PHP69,106,975 (approximately SGD1,755,317), PHP95,489,000 (approximately SGD2,520,910), PHP67,974,065 (approximately SGD1,903,274) and PHP 2,433,177 (approximately SGD68,372) respectively. According to Management of the Company, the increase in sales between FY2018 and FY2019 was mainly due to the adoption of Singapore Financial Reporting Standards (International) 15 where it allows recognition of revenue based on work performed without actual billings, and more work performed towards end of 31 May 2019. The decrease in revenue between FY2019 and FY2020 was mainly due to the reduction in sales from one major customer, Globe Telecom Inc, which 90% to 95% of the Target Company's sales was derived from.

The Target Company's offices in Manila had to be closed on 1 April 2020 to 31 May 2020 while all employees are placed under work-from-home basis pursuant to the government's imposition of the Enhanced Community Quarantine ("ECQ"). On 16 May 2020, the government relaxed the ECQ and put Manila under the modified ECQ ("MECQ"). Within this framework, government offices and selected private businesses were allowed to work at 50% capacity, but still required to wear face masks and carry out social distancing. From 1 June 2020 to 3 August 2020, the Philippines government further relaxed measures under the General Community Quarantine ("GCQ") but imposed the MECQ from 4 August 2020 to 18 August 2020 following a resurgence in the number of COVID-19 cases. From 19 August 2020 till present, Manila is under GCQ. Under GCQ, public transportation is allowed at a reduced capacity and select businesses are allowed to operate at 50 to 100% of their regular capacity depending on their industry.

The Target Company's offices in Manila resumed operations on 1 June 2020 with minimum number of employees (50% as allowed under MECQ) with shortened working days, while most of the employees were still under work-from-home arrangements. The Target Company's office in Manila was once again put on a halt when the government imposed MECQ from 4 August 2020 to 18 August 2020. From 19 August 2020, while the Target Company's office in Manila has resumed operations, telecommunication projects which were scheduled to take place have been put to a halt.

Calculation of Trailing 12-month Sales

	Amounts in PHP
Sales (Nov'19 to May'20)	19,219,090
Sales (Jun'20 to Oct'20)	2,433,177
Trailing 12-month Sales as at the Valuation Date	21,652,267

Operating Loss

Based on the statutory financial statement of the Target Company for the financial year ended 31 May 2018, 31 May 2019 and 2020 as well as the five month period ended 31 October 2020, the Target Company's operating loss was PHP22,390,581 (approximately SGD568,721), PHP12,580,585 (approximately SGD332,127), PHP28,554,614 (approximately SGD799,529) and PHP12,630,987 (approximately SGD354,931) respectively.

SOURCES OF INFORMATION

In conducting our valuation of the Subject, we have reviewed information including, but not limited to:

- Background of the Target Company;
- Historical financial information of the Target Company from year 2018 to year 2020; and
- Other operation and market information in relation to the business of the Target Company.

We have held discussions with management of the Company and conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information to be reliable and legitimate, and we have relied to a considerable extent on the information provided in arriving at our conclusion of value.

BASIS OF OPINION

We have conducted our valuation in accordance with International Valuation Standards issued on 31st July 2019 by International Valuation Standards Council (“**IVSC**”). The valuation procedures employed include a review of legal status and economic condition of the Target Company and an assessment of key assumptions, estimates and representations made by the proprietor or the operator of the Target Company. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition of the Subject;
- Market-driven investment returns of companies engaged in similar lines of business;
- Financial and business risk of the business including continuity of income and the projected future results;
- Consideration and analysis on the micro and macro economy affecting the business of the Subject;
- Analysis on tactical planning, management standard and synergy of the Subject; and
- Assessment of the leverage of the Subject.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the valuation of the Subject.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

To select the most appropriate approach, we have considered the purpose of the valuation and the resulting basis of value as well as the availability and reliability of information provided to us to form perform an analysis. We have also considered the relative advantages and disadvantages of each approach to the nature and circumstances of this Subject. In our opinion, the cost approach is inappropriate for valuing the Subject, as it does not directly incorporate information about the economic benefits contributed by the Subject. The income approach is inappropriate as this approach require detailed operational information and long-term financial projection of the Target Company but such information is not available to us. Also, given the historical losses made by the Target Company and the current financial difficulties and uncertainties the Target Company is experiencing, in particular when majority of its revenue is derived from a single customer, the income approach presents limitations. In light of this, a discounted cash flow under the income approach would carry with it significant uncertainties. Hence, the market approach is adopted in this valuation.

There are two common methods under market approach, namely, guideline public company method and guideline transaction method. Guideline public companies method requires identifying suitable guideline public companies and selection of appropriate trading multiples, while guideline transaction method takes reference to recent mergers and acquisitions transaction between unrelated parties and ratio of transaction price to target company's financial parameters.

In this valuation exercise, the market value of the 100% equity interest of the Target Company was developed through the guideline public company method. The guideline transaction method is not adopted due to lack of recent market transactions with similar nature as the Target Company. The guideline public company method requires the research of comparable companies' benchmark multiples and selection of an appropriate multiple.

In this valuation, we have considered the following commonly used benchmark multiples:

Price-to-earnings ratio

Price-to-earnings ratio (the "**P/E Multiple**"), which is computed as share price dividend by earning per share, is the most commonly used multiple since investors want to know how profitable a company is, hence earnings are important for valuing a company's stock. This multiple has the limitations that it cannot be used to value loss-making companies, and fail to overcome the distortions caused by different accounting policies and capital structures.

Price-to-book ratio

Price-to-book ratio (the "**P/B Multiple**"), which is computed as the proportion of share price to book value per share, is common to value companies within asset intensive industries. However, since book value captures only the tangible assets of a company, a company's intangible assets as well as company-specific competencies and advantages are not captured in the P/B Multiple.

Price-to-sales ratio

Price-to-sales ratio (the "**P/S Multiple**"), which is estimated by dividing share price by sales per shares, is commonly used to value early-stage or loss-making companies. A shortcoming of this multiple is that it ignores the cost structure and hence the profitability of a company.

Enterprise value to earnings before interest, tax, depreciation and amortization ratio

A firm's enterprise value is equal to its equity value plus its debt less any cash. Enterprise value to earnings before interest, tax, depreciation and amortization ratio (the "**EV/EBITDA Multiple**"), which is estimated by dividing enterprise value by earning before interest, tax, depreciation and amortization, allows direct comparison of firms regardless of their difference in capital structure. Compared to the P/E Multiple, the EV/EBITDA Multiple is considered to be less affected by difference in accounting treatment. Yet, since the EV/EBITDA Multiple excludes depreciation and amortization expenses, which measure how much the company needs to spend on capital expenditure to maintain its business growth, the multiple does not account for cost of debt capital or its tax effect.

Enterprise value-to-earnings before interest and tax ratio

Similar to other enterprise value ratios, enterprise value-to-earnings before interest and tax ratio (the "**EV/EBIT Multiple**") is considered to be less affected by difference in accounting treatment as other price multiples. Different from the enterprise value-to-earnings before interest, tax, depreciation and amortization ratio, this multiple includes depreciation and amortization expenses, hence it is more commonly used for capital-intensive business in which case depreciation expense contribute to a significant portion of economic cost.

Enterprise value-to-sales ratio

Like the other enterprise value ratios, enterprise value-to-sales ratio (the “**EV/Sales Ratio**”) is considered to be less affected by difference in accounting treatment as other price multiples. Similar to the price-to-sales ratio, it is commonly used to value early-stage or loss-making companies. Yet, enterprise value-to-sales has the benefits over price-to-sales ratio that it takes into account a company’s debt load.

In the absence of current and/or historical positive EBITDA and earnings as well as the financial performances of comparable companies, it is considered that the EV/Sales Multiple is the most appropriate multiple and hence it is being adopted in this valuation. We have also cross-checked the calculation of the Equity Value against the Target Company’s net asset value as at the Valuation Date.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following key assumptions in determining the market value of the Subject have been made:

- We have assumed that the financial information provided accurately reflects the Target Company’s financial and operating position and performance;
- We have assumed the accuracy of the financial and operational information such as management accounts, contractual agreements and manufacturing capabilities, provided to us by the Company relied to a considerable extent on such information in arriving at our opinion of value;
- The financial statements were prepared in accordance with accounting principles generally accepted internationally on a true and fair basis;
- There are no other liabilities, including any contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of the Target Company;
- We assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued;
- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Subject;
- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- We have been provided with copies of the operating licenses and company incorporation documents. We have assumed such information to be reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value; and
- We have been given to understand that an amount due from the Target Company to the Client at PHP49.1 million will be waived by the Client. As such, we have assumed the amount to be excluded in the valuation; and
- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

MARKET MULTIPLE

In determining the market multiple, a list of comparable companies was identified. The selection criteria include the followings:

- The companies derive most, if not all, of their revenues from the same industry of the Target Company, i.e. antenna distribution and transmission systems or network planning which engages in the telecommunication infrastructure construction business;
- The comparable companies are searchable in Bloomberg;
- The comparable companies are publicly listed; and
- Sufficient data, including the EV/Sales Multiple as at the Valuation Date of the comparable companies is available.

As sourced from Bloomberg, an exhaustive list of comparable companies satisfying the above criteria was obtained on a best effort basis. The details of the comparable companies are listed below:

Bloomberg Ticker	Company Name	Company Description
3391 TT Equity	Remotek Corporation	Remotek Corporation specializes in research, design and production of radio coverage solutions such as digital repeater solution, distributed antenna system (DAS) solution, and off-air solution for all types of mobile radio network, RF components, and the provision of relevant services.
603220 CH Equity	China Bester Group Telecom Co.,Ltd.	China Bester Group Telecom Co.,Ltd. offers telecommunication services. The Company provides communication network planning, network construction, network maintenance, network optimization, computer information system integration, and other services. China Bester Group Telecom offers services to large enterprises, government, and other groups.
Yinda SP Equity	Yinda Infocomm Limited	Yinda Infocomm Limited provides communication solutions. The Company offers turnkey solutions, as well as in-building coverage, outdoor construction, maintenance, and telecommunication implementation for the installation of the radio base transceiver stations. Yinda Infocomm serves customers in South East Asia.
OCK MK Equity	OCK Group Berhad	OCK Group Berhad principally involved in the provision of telecommunications network services. The Company's product/service offering comprehensively covers services from the telecommunications network services market: network planning, design and optimization, network deployment, network operations and maintenance, energy management, infrastructure management, and others.
002929 CH Equity	Runjian Co., Ltd.	Runjian Co., Ltd. provides telecommunication technology services. The Company offers communication network construction, network maintenance, network optimization services, and other services. Runjian operates business throughout China.

As the businesses of the comparable companies are located in different regions, they are thus exposed to different macroeconomic and market risks. Moreover, due to the fact that the comparable companies are often of significantly different size from the Target Company. Larger companies generally have lower expected returns that translate into higher values. On the other hand, small companies are generally perceived as riskier in relation to business operation and financial performance, and therefore the expected returns are higher and resulting in lower multiples. Therefore, the base multiples were adjusted to reflect the difference in natures between the comparable companies and Target Company.

The EV/Sales multiples after adjustment (the “**Adjusted EV/Sales Multiple**”) of the comparable companies are listed as below:

Bloomberg Ticker	Company Name	Market Capitalization (SGD’ Million)	Adjusted EV/S Multiple
3391 TT Equity	Remotek Corporation	34.51	0.81
603220 CH Equity	China Bester Group Telecom Co.,Ltd.	956.73	0.73
Yinda SP Equity	Yinda Infocomm Limited	22.34	0.92
OCK MK Equity	OCK Group Berhad	126.17	2.07
002929 CH Equity	Runjian Co., Ltd.	1,225.31	0.75
	Median		0.81

Discount for Lack of Marketability (the “DLOM”)

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

We have assessed the DLOM of this interest referencing empirical studies. A DLOM of 14.7% has been used (Stout Risus Ross). This study covers an observation period of 1980-2019.

Control Premium (“CP”)

Control premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest a business enterprise that reflects the power of a control. Both factors recognize that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and to what economic benefits, cause a differential in the per-share value of a control ownership block versus a minority ownership block.

We have made reference to the recent second quarter 2020 control premium report published by FactSet Mergerstat, LLC. Since the Control Premium Studies do not have sufficient data for telecommunication infrastructure construction industry, we have applied the data related to overall median from all industries. The average control premiums of 24.4% has been adopted in the valuation.

CALCULATION OF VALUATION RESULT

Under the guideline public company method, the market value of the Subject is estimated based on the financial information of the Target Company and the market multiples of the comparable companies derived from Bloomberg as at the Valuation Date. We have also taken into account the two factors, which is being the marketability discount and control premium.

The calculation of the market value of 100% equity interest of the Target Company as at the Valuation Date is as follows:

Parameter	Input
Median Adjusted EV/Sales Multiple of the Comparable Companies	0.81
Sales of the Target Company for the Trailing 12-months (PHP)	21,652,267
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Enterprise Value of the Target Company	17,613,411
Add: Cash	1,117,717
Add/(Less): Provision for probable losses ¹	(18,718,331)
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Equity Value of the Target Company before DLOM and CP as at the Valuation Date	12,797
Adjusted for DLOM (%)	24.40
Adjusted for CP (%)	14.70
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Equity Value of the Target Company after DLOM and CP (SGD, Rounded)	400.00

We have also cross-checked the calculation of the Equity Value against the Target Company's net asset value as at the Valuation Date.

The net asset value of the Target Company as at the Value Date is as follows:

ASSETS			
Current Assets	Book Value (PHP)	Market Value (PHP)	Remarks
Cash	1,117,717	1,117,717	Based on Book Value
Contract assets	58,636,176	52,772,558	10% written off based on Management's best estimates ²
Receivables -Net	23,797,949	23,797,949	Based on Book Value
Other curren assets -Net	16,983,982	16,983,982	Based on Book Value
<hr/>			
Total Current Assets	100,535,823	94,672,206	
<hr/>			
Non-current Assets			
Property and equipment - net	538,974	538,974	Based on Book Value
Right-of-use assets - net	3,913,755	3,913,755	Based on Book Value
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Total Non-current Assets	4,452,729	4,452,729	
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Total Assets	104,988,553	99,124,935	
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¹ Adjusted for provision of probable losses which is mainly income tax related expenses.

² Management has made a general provision of 10% out of the total SGD58.6 million of Contract Assets, being work performed but not billed to the customers as the Target Company has stopped engineering works since March 2020 due to the outbreak of Covid-19; and the uncertainty in the timing to get customer to confirm or certify these work performed as well as the collectability of these receivables even if billed.

LIABILITIES

Current Liabilities

Trade and other payables	48,149,646	48,149,646	Based on Book Value
Contract liabilities	20,811,379	20,811,379	Based on Book Value
Due to related parties	3,714,773	3,714,773	Based on Book Value
Due to Yinda Infocomm Ltd	49,079,006	-	Waived by the Client ³
Provision for probable losses	18,718,331	18,718,331	Based on Book Value
Total Current Liabilities	140,473,135	91,394,128	

Non-current liabilities

Deferred tax liabilities - net	10,019,466	10,019,466	Based on Book Value
Retirement benefit obligation	2,900,431	2,900,431	Based on Book Value
Total Non-current Liabilities	12,919,897	12,919,897	
Total Liabilities	153,393,032	104,314,026	
Net Asset Value (PHP)	(48,404,479)	(5,189,091)	
Net Asset Value (SGD)	(1,360,166)	(145,813)	

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Company, the Company and JLL.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Company over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued subject to our Limiting Conditions as attached.

INDEPENDENCE DECLARATION

We confirm that to the best of our knowledge and belief, we are independent of the Company and the Target Company, and have not contravened any independence requirements stipulated as per our professional memberships. Our fee is not contingent upon our conclusion of value.

³ The Company has, on 27 November 2020, waived the amount provided to the Target Company amounting to PHP49,079,006 million or approximately SGD1,360,890.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of 100% equity interest in Yinda Communications (Philippines), Inc. as at the Valuation Date is reasonably stated at the amount of **SGD400**

COMMENTARY ON THE IMPACT OF COVID-19 ON VALUATION

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, it has come to our attention that the outbreak of Novel Coronavirus disease (COVID-19) has caused significant disruption to economic activities around the world. This disruption has increased the risk of the financial projections/assumptions not being achieved. It may also have a negative impact towards investment sentiment, and hence any form of required rate of return as well as liquidity of any asset. As of the Report Date, it is uncertain how long the disruption will last and to what extent it will affect the economy. As a result, it has caused volatility and uncertainty that values may change significantly and unexpectedly even over short periods. The period required to negotiate a transaction may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the asset. Readers are reminded that we do not intend to provide an opinion of value as of any date after the Valuation Date in this Report.

Yours faithfully,



For and on behalf of

**Jones Lang LaSalle Corporate Appraisal and Advisory
Limited**

Simon M.K. Chan

Executive Director

Note: Mr. Simon M.K. Chan is a fellow (FCPA) of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS) where he now serves on their North Asia Valuation Practice Group. He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of this Report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Client / Target Company and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our Report was used as part of the analysis of the Client / Target Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Client.
2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.
3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.
4. The board of directors and the management of Client / Target Company have reviewed this Report and agreed and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.
5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.
6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.
7. The use of and/or the validity of the Report is subject to the terms of the Agreement and the full settlement of the fees and all the expenses.
8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.
9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client / Target Company because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.
10. This Report has been prepared solely for internal use purpose. The Report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not be liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.

11. This Report is confidential to the Client and the calculation of values expressed herein is valid only for the purpose stated in the Agreement as at the Valuation Date. In accordance with our standard practice, we must state that this Report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.
12. Where a distinct and definite representation has been made to us by parties interested in the Subject, we are entitled to rely on that representation without further investigation into the veracity of the representation.
13. The Client / Target Company agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.
14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.
15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Client / Target Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.
16. This Report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the Report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Client / Target Company and other sources. Actual transactions involving the Subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time.
17. The board of directors, management, staff, and representatives of the Client / Target Company have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Client / Target Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

NOTICE OF EXTRAORDINARY GENERAL MEETING

YINDA INFOCOMM LIMITED

Company Registration Number 201506891C
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("EGM") of **YINDA INFOCOMM LIMITED** (the "**Company**") will be held via electronic means via live audio-visual webcast and/or live audio-only stream on 30 December 2020 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

- (A) **THE PROPOSED ALLOTMENT AND ISSUE OF 20,833,333 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY ("DEBT CONVERSION SHARES") TO YINDA PTE. LTD. ("YPL") AT AN ISSUE PRICE OF S\$0.072 PER DEBT CONVERSION SHARE;**
- (B) **THE PROPOSED DISPOSAL OF YINDA TECHNOLOGY MALAYSIA SDN. BHD. ("YINDA MALAYSIA") AND YINDA COMMUNICATIONS (PHILIPPINES), INC. ("YINDA PHILIPPINES") TO YPL;**
- (C) **THE PROPOSED ALLOTMENT AND ISSUE OF 8,500,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY ("SUBSCRIPTION SHARES") TO CHEE TAI CHIEW AT AN ISSUE PRICE OF S\$0.072 PER SUBSCRIPTION SHARE; AND**
- (D) **THE PROPOSED NEW SHARE ISSUE MANDATE.**

All capitalised terms use in this Notice of Extraordinary General Meeting which are not defined herein shall have the same meaning ascribed to them in the circular to Shareholders of the Company dated 15 December 2020 (the "**Circular**"). All resolutions put to the vote at the EGM shall be decided by way of poll.

ORDINARY RESOLUTIONS

RESOLUTION 1: THE PROPOSED ISSUE OF 20,833,333 DEBT CONVERSION SHARES AT AN ISSUE PRICE OF S\$0.072 PER DEBT CONVERSION SHARE TO YPL

That:

- (a) pursuant to Section 161 of the Companies Act (Chapter 50) and Chapter 8 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), approval be and is hereby given to the directors of the Company (the "**Directors**") or any of them to allot and issue 20,833,333 Debt Conversion Shares to YPL, each at the issue price of S\$0.072 on the terms and conditions of the Debt Conversion Deed;
- (b) pursuant to Rule 803 of the Catalist Rules, approval be and is hereby given for the transfer of controlling interest which will take place upon the issue of the Debt Conversion Shares to YPL pursuant to the Proposed Debt Conversion;
- (c) pursuant to Chapter 9 of the Catalist Rules, approval be and is hereby given for the Proposed Debt Conversion being an Interested Person Transaction; and
- (d) the Directors of the Company be and are hereby authorised to do any and all such acts as they may, in their absolute discretion deem fit, expedient or necessary to give effect to the issue of the Debt Conversion Shares, and take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be required or as they may consider necessary or expedient for the purpose of giving effect to the Proposed Debt Conversion.

NOTICE OF EXTRAORDINARY GENERAL MEETING

RESOLUTION 2: THE PROPOSED DISPOSAL OF YINDA MALAYSIA AND YINDA PHILIPPINES TO YPL

That:

- (a) pursuant to Chapter 10 of the Catalist Rules of the SGX-ST, approval be and is hereby given for the Proposed Disposal on the terms and subject to the conditions set out in the sale and purchase agreement dated 5 December 2020; and
- (b) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds as may be required, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to the Proposed Disposal.

RESOLUTION 3: THE PROPOSED ISSUE OF 8,500,000 SUBSCRIPTION SHARES AT AN ISSUE PRICE OF S\$0.072 PER SUBSCRIPTION SHARE TO CHEE TAI CHIEW

That:

- (a) pursuant to Section 161 of the Companies Act (Chapter 50) and Chapter 8 of the Catalist Rules of the SGX-ST, approval be and is hereby given to the Directors or any of them to allot and issue 8,500,000 Subscription Shares to Chee Tai Chiew, at the issue price of S\$0.072 per Subscription Share on the terms and conditions of the subscription agreement dated 15 November 2020; and
- (b) the Directors of the Company be and are hereby authorised to do any and all such acts as they may, in their absolute discretion deem fit, expedient or necessary to give effect to the issue of the Subscription Shares, and take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be required or as they may consider necessary or expedient for the purpose of giving effect to the Proposed Subscription.

RESOLUTION 4: THE PROPOSED NEW SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore, and Rule 806 of the Catalist Rules:

The resolution passed by Shareholders as Ordinary Resolution 8 at the Annual General Meeting of the Company held on 29 October 2020 be and is hereby revoked and that the Directors be and are hereby authorised and empowered to:

- (a)
 - (i) issue and allot new shares ("**Shares**") in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (ii) 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, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and
- (B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

PROVIDED ALWAYS that:

- (1) the aggregate number of Shares to be issued pursuant to this authority (including the Shares to be issued in pursuance of Instruments, made or granted pursuant to this authority), shall not

NOTICE OF EXTRAORDINARY GENERAL MEETING

exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), and provided further that where shareholders of the Company (“**Shareholders**”) are not given the opportunity to participate in the same on a pro-rata basis, then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments, made or granted pursuant to this authority) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the issued Shares (excluding treasury shares and subsidiary holdings) at the time this authority was conferred, after adjusting for:
- (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new Shares arising from the exercise of share options or the vesting of share awards;
 - (iii) any subsequent bonus issue, consolidation or sub-division of the Shares; and
 - (iv) the 20,8333,333 Debt Conversion Shares and the 8,500,000 Subscription Shares (if the Ordinary Resolutions 1 and 3 are approved).

Adjustments in accordance with (i) or (ii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and
- (4) (unless revoked or varied by the Company in a general meeting) this authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law and the Catalist Rules to be held, whichever is earlier.

ABSTENTION FROM VOTING

Madam Song Xingyi, Ms Shao Lifang and their Associates (including YPL) shall abstain from exercising any voting rights on Resolutions 1 and 2 set out in this Notice of Extraordinary General Meeting, while Mr Chee Tai Chiew and his Associates shall abstain from exercising any voting rights on Resolution 3 set out in this Notice of Extraordinary General Meeting.

By Order of the Board
Yinda Infocomm Limited

Mr Tan Chee Bun Gordon
Executive Director
15 December 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A Shareholder of the Company entitled to attend and vote at the Extraordinary General Meeting of the Company (“**EGM**”) may appoint the Chairman as proxy to vote on his/her behalf. Please refer to the section entitled “Submission of Proxy Forms to Vote” of the Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus (“**COVID-19**”) on page 47 of the Circular for further information.
- (2) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
- (3) A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the extraordinary general meeting of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s and its proxy(ies)’s or representative(s)’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the extraordinary general meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the extraordinary general meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”); and (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty. The member’s personal data and its proxy(ies)’s and/or representative(s)’s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company’s verification and record purposes. Photographic, sound and/or video recordings of the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a member of the Company and/or its proxy(ies) or representative(s) (such as his/her name, his/her presence at the EGM and any questions he/ she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus (“**COVID-19**”):

In view of the evolving COVID-19 situation, the Company is arranging for a live webcast of the EGM proceedings (the “**Live EGM Webcast**”) which will take place on 30 December 2020 at 3.00 p.m. **Shareholders will be able to watch the EGM proceedings through the Live EGM Webcast, and the Company will not accept any physical attendance by Shareholders. Any Shareholder seeking to attend the extraordinary general meeting physically in person will be turned away.**

Shareholders will be able to participate in the extraordinary general meeting in following manner set out in the paragraphs below.

Live Webcast:–

1. Shareholders may watch the extraordinary general meeting proceedings through the Live EGM Webcast. To do so, Shareholders will need to register at <https://agm.conveneagm.com/yindainfocommeagm2020> (the “**Registration Link**”) by 3.00 p.m. on 27 December 2020 (the “**Registration Deadline**”) to enable the Company to verify their status.
2. Following verification, authenticated Shareholders will receive an email notification by 3.00 p.m. on 28 December 2020 on whether the authentication is accepted or rejected. Shareholders that are authenticated successfully will be able to access the live audio-visual and/or live audio-only stream of the webcast EGM proceedings using the same account and password that were being used in the pre-registration stage.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. Shareholders must not forward the abovementioned link or account login details to other persons who are not Shareholders of the Company and who are not entitled to attend the extraordinary general meeting. This is also to avoid any technical disruptions or overload to the Live EGM Webcast.
4. Shareholders who register by the Registration Deadline but do not receive an email response or authentication is rejected by 3.00 p.m. on 28 December 2020 may contact our Share Registrar, B.A.C.S. Private Limited, for assistance at (65) 6593 4848.

Submission of Proxy Forms to Vote:-

1. Shareholders who wish to vote at the EGM may submit a proxy form to appoint the Chairman of the EGM to cast votes on their behalf.
2. The proxy form (a copy of which is also attached hereto), duly completed and signed, must be submitted by: (a) mail to the Company's registered office at 5008 Ang Mo Kio Avenue 5 #04-07 Techplace II Singapore 569874; or (b) submitted by email to proxy@yinda.com.sg by no later than by 3.00 p.m. on 27 December 2020, being 72 hours before the time appointed for holding the EGM.
3. CPF or SRS investors who wish to vote should approach their respective banks approved by CPF to be their agent banks ("**CPF Agent Banks**") or agent banks approved by CPF under the Supplementary Retirement Scheme ("**SRS Operators**") to submit their votes at least seven (7) working days before the EGM (i.e. by 3.00 p.m. on 18 December 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the extraordinary meeting to vote on their behalf by the cut-off date.

Please note that Shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

Submission of Questions:-

1. Shareholders may submit questions relating to the items on the agenda of the EGM via the Registration Link. All questions must be submitted by the Registration Deadline.
2. The Company will endeavour to address the substantial and relevant questions at or before the EGM. The responses to such questions from Shareholders, together with the minutes of the EGM, will be posted on the SGXNet and the Company's website within one month after the date of the EGM.

As the COVID-19 pandemic continues to evolve, further measures and/or changes to the EGM arrangements may be made on short notice in the ensuing days, even up to the day of the EGM. Please check our Company website at <http://yinda.com.sg> or SGXNet for updates.

The Company seeks the understanding and cooperation of all members to minimise the risk of community spread of COVID-19.

PROXY FORM

YINDA INFOCOMM LIMITED

Company Registration Number 201506891C
(Incorporated in the Republic of Singapore)

PROXY FORM

EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. An Investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investors**”) (as may be applicable) may attend and cast his vote(s) at the EGM. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy. In which case, the CPF and SRS Investors shall be precluded from attending the EGM.
2. This proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purported to be used by them.

I/We* _____ (Name) NRIC/Passport number/Company Registration No.*
_____ of _____

_____ (Address) being a shareholder/shareholders* of Yinda Infocomm Limited (the “**Company**”) hereby appoint the Chairman of the Extraordinary General Meeting (the “**EGM**”), as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the EGM of the Company to be convened and held by electronic means on 30 December 2020 at 3.00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for, vote against or abstain from voting on the resolutions to be proposed at the EGM as indicated hereunder.

All resolutions put to the vote at the EGM shall be decided by way of poll.

AS ORDINARY RESOLUTIONS		For**	Against**	Abstain**
1.	The Proposed Debt Conversion			
2.	The Proposed Disposal			
3.	The Proposed Subscription			
4.	The Proposed New Share Issue Mandate			

*Delete where inapplicable

**Please indicate your vote “For” or “Against” with a tick [✓] within the box provided.

Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

PROXY FORM

2. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the EGM as your proxy for that resolution will be treated as invalid.
3. A Shareholder of the Company entitled to attend and vote at the EGM of the Company may appoint the Chairman as proxy to vote on his behalf.
4. The proxy form (a copy of which is also attached hereto), duly completed and signed, must be submitted by: (a) mail to the Company's registered office at 5008 Ang Mo Kio Avenue 5 #04-07 Techplace II Singapore 569874; or (b) submitted by email proxy@yinda.com.sg by no later than by the Registration Deadline. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.
6. CPF or SRS investors who wish to vote should approach their respective banks approved by CPF to be their agent banks ("**CPF Agent Banks**") or agent banks approved by CPF under the Supplementary Retirement Scheme ("**SRS Operators**") to submit their votes at least seven (7) working days before the EGM (i.e. by 3.00 p.m. on 18 December 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf by the cut-off date.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the extraordinary general meeting of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the extraordinary general meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the extraordinary general meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.