

**YINDA INFOCOMM LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 201506891C)  
(The “Company”)

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**Responses to SGX Queries Received on 27 January 2021**

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The Board of Directors (the “**Board**”) of Yinda Infocomm Limited (the “**Company**”) refers to its announcements on 26 January 2021 in relation to:

- (a) the proposed subscription of 167,400,000 new ordinary shares in the capital of the Company at a subscription price of S\$0.125 per share (“**Proposed Subscription**”) (“**Proposed Subscription Announcement**”);
- (b) the proposed acquisition of 51.0% shareholding in the total ordinary share capital of International Biometrics Pte. Ltd. (“**Proposed Acquisition**”); the proposed diversification into the new business of development and provision of identity management biometric technology solutions (“**Proposed Diversification**”); and the proposed investment in TECH5 SA through a loan convertible into shares and entry into a preferential licensing agreement with TECH5 SA (“**Proposed Investment**”) (“**Proposed Transaction Announcement**”).

(Collectively, the “**January Announcements**”).

*Unless otherwise defined herein, all capitalised terms and references used herein shall bear the same meaning ascribed to them in the January Announcements.*

The Company has on 27 January 2021 received the following queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), and sets out its response below.

**Query 1: Are the Proposed Diversification, Proposed Acquisition and Proposed Investment conditional upon the Proposed Subscription?**

The Proposed Diversification, Proposed Acquisition and Proposed Investment are not conditional upon the Proposed Subscription.

**Query 2: Are the resolutions relating to the (i) Proposed Diversification, (ii) Proposed Acquisition, (iii) Proposed issue and allotment of Consideration Shares as partial satisfaction of the Purchase Consideration; and (iv) the Proposed Investment inter-conditional?**

The Proposed Diversification, Proposed Acquisition and Proposed issue and allotment of Consideration Shares as partial satisfaction of the Purchase Consideration are inter-conditional. The Proposed Diversification and Proposed Investment are inter-conditional.

**Query 3: On 2 Dec 2020, the Company announced the entry into a joint venture agreement with International Biometric Pte. Ltd. (“InterBIO”) to set up a new joint venture company (“JVC”). The Company will pay S\$510,000 cash for its 51% stake in the JVC.**

**Has the Company paid for this or is it utilising proceeds from the Proposed Subscription?**

The JVC has not been incorporated and the Company has not paid the S\$510,000 (the “**JV Funding**”). As shown in the table in the response provided to Query 13, the Company will be utilising the proceeds from the October 2020 subscription for the JV Funding.

**Query 4: Since the establishment of the JVC in Dec 2020 is meant for the Proposed Acquisition and the Proposed Investment, did the Company consider seeking shareholders’ approval for the establishment of the JVC? Has the JVC been set up? If so, when will the JVC be established?**

As stated in the Company’s announcement dated 2 December 2020, the Company had stated that should the acquisition by the Company of InterBIO materialise and the JVA not be terminated, the Company will seek the necessary approvals from shareholders for the Group’s entry into the business of identity management, biometric security and software solutions business (“**New Biometrics Business**”).

At the time the JVA was entered into, there was uncertainty whether the Proposed Acquisition would eventually materialise as the professionals engaged by the Company were in the process of carrying out due diligence on InterBIO.

For the avoidance of doubt, the JVC has yet to be established to date.

Given recent developments, the Company intends to incorporate the JVC only subsequent to shareholders’ approval being sought and passed for the Proposed Diversification and Proposed Acquisition.

**Query 5: In the event the Proposed Diversification, Proposed Acquisition and Proposed Investment are not approved by shareholders, what will happen to the JVC and the S\$510,000 invested?**

The Board refers to its announcement dated 2 December 2020 in relation to the entry into the JVA. With regards to the customary termination provisions, InterBIO may terminate the JVA if the Company does not acquire at least 25% of InterBIO within 4 months from the date of the JVA.

In the event that the Proposed Diversification and Proposed Acquisition are not approved by shareholders, the Group will not be able to proceed with the New Biometrics Business. Hence, the Group will not incorporate the JVC and the JVA may be terminated by InterBIO.

**Query 6: Will the Company utilise proceeds from the Proposed Subscription for the US\$2.5m Convertible Loan to TECH5?**

The Group will be utilising the net proceeds from the November 2020 subscription exercise for the US\$2.5m convertible loan. Please refer to the table stated in Query 13.

**Query 7: What is the Company's plans for TECH5? Why did the Company enter into a Convertible Loan with TECH5 instead of a direct equity investment in TECH5?**

As the Company seeks to build up its New Biometrics Business, the Company sees TECH5 as a credible biometrics technology partner with credible biometrics technologies and a strong technical team led by the TECH5 Shareholders, namely Mr. Rahul Ganpat Parthe and Mr. Machiel van der Harst. However, as TECH5 is a promising and growing company, both parties mutually agreed to a convertible loan to defer the equity investment to a later date to allow TECH5's business and valuations to stabilize, whilst the discounts and valuation bands (see explanation in Query 8 below) provide the Company greater certainty to the conversion outcome.

**Query 8: TECH5 Conversion Price: How is the 12% discount rate determined? How are the 3.8% shareholding floor limit (if valuation of TECH5 is more than US\$75m) and 5.0% shareholding ceiling limit (if valuation of TECH5 is below US\$56.8m) determined?**

The terms of the discount rate and the floor and ceiling limits were determined on a willing-buyer willing-seller basis between the Company and TECH5, taking the following into consideration:

- TECH5's willingness to provide the Company a higher return (through the discount rate) than its subsequent investors for the Company's support for TECH5 during its initial growth phase through the provision of the TECH5 Loan;
- The Company's review of the existing valuation of companies comparable to TECH5; and
- The entry of the TECH5 Preferential Licensing Agreement with the Company, which grants distributorship and licensing rights to TECH5's biometric technologies, including but not limited to the exclusive rights to two key markets, China and Japan.

**Query 9: The TECH5 Preferential Licensing Agreement entitles the Company 3 years of distributor and licensing rights in TECH5.**

**What happens if the Company loses the licensing rights after 3 years? Is the Company dependent on this licensing rights for its New Biometrics Business?**

The 3 years' period will allow the Company to build up its New Biometrics Business with a strong technology partner and over this period, execute projects that will benefit both TECH5 and the Company. While the Company will work earnestly with TECH5 towards mutual benefit, the TECH5 Preferential Licensing Agreement does not preclude the Company from working with other biometric technology partners. Hence, should the Company lose the licensing rights from TECH5 after 3 years, it will continue to work with other biometric technology partners. Should the TECH5 Preferential Licensing Agreement prove to be beneficial to the Group during the 3 years and the Group continues to have a good working relationship with TECH5, the parties may discuss and decide to extend TECH5's licensing rights to the Group for a continued partnership.

**Query 10: The Company is paying the Introducer S\$2.1m (6% of S\$35m Purchase Consideration) and S\$200,000 for the Proposed Acquisition. Is this in line with market practice? What is the market % range for such introducers fees? Is it industry-specific?**

As far as the Company is aware, introduction fees are generally not industry specific and there are no established norms or market practices. The Company had considered the following factors pertinent to the Group and the current COVID-19 environment:

- a) the need to identify new businesses to support the Existing Telecommunications Businesses was urgent given that the Group's projects in Singapore and Thailand continue to be affected and delayed due to measures implemented by the respective governments to curb COVID-19; and
- b) it had posed the Introducer a challenging target to locate new businesses amidst the COVID-19 pandemic. In addition, the new businesses identified should not be materially and adversely affected by the COVID-19 pandemic and should also be reasonably expected to be thrive in or benefit from a post COVID-19 environment.

Hence, the Company is of the overall view that the introducer fees are reasonable given that the Proposed Acquisition met the unique strategic needs of the Group set out above.

**Query 11: Mr Tan Chin Tuan is the introducer of the Proposed Subscription and he is also a director and shareholder of Precious Glory Enterprises Limited, being the introducer for the Proposed Acquisition.**

**Will Mr Tan get any introducer fees for the Proposed Subscription or is it included in the introducer fees for the Proposed Acquisition?**

No introducer fee will be paid to Mr Tan for the Proposed Subscription. Introducer fees will be paid to Precious Glory Enterprises Limited solely for the Proposed Acquisition.

**Query 12: Please provide a table to clarify the total funds (in cash) required for the Proposed Acquisition, Proposed Investment, including the setting up of the JVC and the Introducer fees.**

	S\$
Proposed Acquisition	13,500,000
Proposed Investment	3,300,000
JVC	510,000
Introducer fee	<u>2,150,000<sup>(1)</sup></u>
Total cash funds required	<u><u>19,410,000</u></u>

Note (1): The S\$200,000 retainer fee is payable via monthly instalment of which S\$150,000 has been paid for the months of November 2020 to January 2021 using the net proceeds from the October 2020 subscription exercise. The final instalment of S\$50,000 will be paid in the month of February 2021 using net proceeds partially from the October 2020 subscription exercise and the November 2020 subscription exercise.

Query 13: The Company had completed 3 Subscription exercises in Oct, Nov and Dec 2020, raising a total of S\$12.8m. The Subscription proceeds were announced to be used for working capital and new business opportunities.

Please provide a detailed breakdown in a table for each Subscription exercise (including the current Proposed Subscription) on:

- Funds raised;
- Proceeds used and in what purpose;
- Whether there was any change in use of proceeds;
- Remaining proceeds; and

#### October 2020 Subscription

Use of Net Proceeds from October Subscription	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Amount remaining as at to date (S\$'000)
Working Capital	1,131 – 1,508	(1,207)	301
New Business Opportunities	2,262– 2,639	(592)	1,670
<b>Total</b>	<b>3,770</b>	<b>(1,799)</b>	<b>1,971</b>

	Working Capital (S\$)
<b>Summary of Expenses</b>	
Listing fee	(42,146)
Staff cost and Director Fee	(275,878)
Finance cost or bank charges	(2,824)
Professional fee	(713,206)
Admin	(74,782)
Rental deposit	(98,563)
<b>Total</b>	<b>(1,207,399)</b>

#### November 2020 Subscription

Use of Net Proceeds from November Subscription	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Amount remaining (S\$'000)
Working Capital	1,163 - 1,745	-	1,163 - 1,745
New Business Opportunities	4,071 - 4,653	-	4,071 - 4,653
<b>Total</b>	<b>5,816</b>	<b>-</b>	<b>5,816</b>

The net proceeds from the November 2020 Subscription has not been utilised as at the date of this announcement.

### December 2020 Subscription

Use of Net Proceeds from November Subscription	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Amount remaining (S\$'000)
Working Capital	157 - 315	-	157 - 315
New Business Opportunities	2,835 - 2,993	-	2,835 - 2,993
<b>Total</b>	<b>3,150</b>	<b>-</b>	<b>3,150</b>

The net proceeds from the December 2020 Subscription has not been utilised as at the date of this announcement.

### January 2021 Subscription

Use of Net Proceeds from November Subscription	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Amount remaining (S\$'000)
Working Capital	2,089 - 3,133	-	2,089 - 3,133
New Business Opportunities	17,752 - 18,796	-	17,752 - 18,796
<b>Total</b>	<b>20,885</b>	<b>-</b>	<b>20,885</b>

- **Whether the remaining proceeds from the October, November, December 2020 Subscriptions will be utilised for the Proposed Acquisition and Proposed Investment before utilizing the new Proposed Subscription proceeds.**

Total October 2020, November 2020, December 2020 and January 2021 Subscription Net Proceeds to date:

S\$'000	October 2020	November 2020	December 2020	January 2021
Net proceeds for working capita	301 <sup>(1)</sup>	1,163 – 1,745	157 – 315	2,089 – 3,133
Net proceeds for New Business Opportunities	1,670 <sup>(1)</sup>	4,071 – 4,653	2,835 – 2,993	17,752 – 18,796
Proposed utilisation of net proceeds for New Business Opportunities required for the Proposed Transactions	(1,670) <sup>(2)(3)</sup>	(4,653) <sup>(4)(5)</sup>	(2,993) <sup>(5)</sup>	(10,144) <sup>(5)</sup>
Remaining net proceeds for New Business Opportunities	-	-	-	7,608 – 8,652 <sup>(6)</sup>

Notes:

- (1) This is the amount of net proceeds remaining from the October 2020 subscription exercise to date.
- (2) The JV funding of S\$510,000 will be funded from the October 2020 net proceeds.
- (3) The Introducer Fee of S\$2,150,000 will be funding partially from the October 2020 net proceeds and the November 2020 net proceeds.
- (4) The Proposed Investment of approximately S\$3,300,000 will be funded from the November 2020 net proceeds.
- (5) The Cash Consideration of S\$13,500,000 for the Proposed Acquisition will be funded partially from the November 2020, December 2020 and January 2021 net proceeds.
- (6) It is intended for the remaining net proceeds for New Business Opportunities amounting to S\$7.6 – S\$8.7 million to be utilised for the following:
  - Payment of professional fees in relation to the Proposed Transactions amounting to approximately S\$0.7 million.
  - Future working capital of the New Business Opportunities amounting to approximately S\$ 6.9 to S\$8.0 million.

The Company will continue to make periodic announcements on the utilisation of the net proceeds from all subscription exercises 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 net proceeds in the Company's half year and full year financial statements and the Company's annual report. Where the net proceeds are used for working capital purposes (including working capital for the New Biometrics Business), the Company will provide a breakdown with specific details on how the net proceeds have been applied in the announcements and the annual report. Where there is any material deviation from the stated use of the net proceeds, the Company will announce the reasons for such deviation.

**Query 14: How does the AC safeguard the assets of the Company, including the funds from the recent fund-raising exercises?**

During the last audit committee meeting held by the Company on 13 January 2021, the Company's audit committee had requested for the internal auditors to conduct a review of the processes and procedures in place on the Group's cash management which are currently underway.

The Company will assess the recommendations put forth by the internal auditor after their review, and implement the recommendations upon the audit committee's approval.

By order of the Board

Mr. Tan Chee Bun Gordon  
Executive Director

30 January 2021

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

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