

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

ENTRY INTO TERM SHEET FOR, *INTER ALIA*, (I) SUBSCRIPTION OF SHARES; (II) ACQUISITION OF ASSETS; AND (III) PROVISION OF CONVERTIBLE LOAN

1. INTRODUCTION

1.1. The board of directors (the “**Board**” or the “**Directors**”) of Yinda Infocomm Limited (the “**Company**”, together with the subsidiaries, the “**Group**”) wishes to announce that the Company has on 5 July 2021 entered into a term sheet (the “**Term Sheet**”) with The Institute of Machine Learning GmbH (“**IML**”) and the founders of IML, Mr. Adam Hegedüs (“**AH**”) and Mr. Roland Trimmel (“**RT**”, together with AH, the “**IML Founders**”) in respect of the following transactions:

- (a) Incorporation of a Singapore company (the “**Newco**”) by the IML Founders (the “**Newco Incorporation**”);
- (b) Subscription of new shares in the Newco by the Company (the “**Newco Subscription**”);
- (c) Acquisition of business from IML by the Newco (the “**IML Business Acquisition**”);
- (d) Provision by the Company to the Newco of a convertible loan (the “**Convertible Loan**”); and
- (e) Grant of Option by the IML Founders in favour of the Company to acquire all of the shares held in Newco by the IML Founders (the “**Newco Shares Option**”)

The Newco Incorporation, Newco Subscription, IML Business Acquisition, Convertible Loan, and the NewCo Shares Option shall collectively be known as the “**Proposed Transactions**”.

1.2. The Term Sheet shall be subject to, *inter alia*, the Company, IML, IML Founders and Newco (collectively, the “**Parties**”) entering into definitive agreements on the terms to be agreed (the “**Definitive Agreements**”) no later than two (2) months from the date of the Term Sheet or such other date as may be agreed between the Parties, failing which this Term Sheet will expire, and the Parties shall have no further claim against each other in respect of the Proposed Transactions (the “**Term Sheet Period**”). Only certain provisions in the Term Sheet relating to, *inter alia*, Term Sheet Period, exclusivity, confidentiality and governing law, shall be legally binding between the Parties.

2. INFORMATION ON IML, IML FOUNDERS AND ASSETS TO BE ACQUIRED FROM IML

Information on IML and IML Founders in this announcement was provided by IML and IML Founders (as the case may be) which has been extracted and reproduced herein. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

2.1. IML

IML was established in Austria in 2019 by the IML Founders, with AH being the sole shareholder and sole director.

IML is in the business of provision of technology for biometric authentication and fraud prevention and aims to offer developers an easy integration, and their end-users a seamless, frictionless user experience across all channels. Since its incorporation, IML has progressed in its development of key biometrics software in the fields of, amongst others, Facial Liveness Detection, Age Classification and KYC Platform (the “**IML Business**”).

2.2. **IML Founders**

- (a) AH is a technology entrepreneur and ex-venture capitalist who has played instrumental roles in a series of technology startups involved in Software Engineering, DevOps, Systems Engineering, Distributed Ledger Technologies and Cloud System Architecture, often filling technical managerial roles. Currently as the Chief Executive Officer and Technical Lead of IML, he drives innovation in the fields of self sovereign identity, biometric authentication and fraud prevention.
- (b) RT is an entrepreneur and business transformation leader with more than 10 years of experience in designing and delivering transformation projects on a wide variety of issues across Europe, US and Africa. RT’s speciality is in building high growth businesses and high performance teams, coupled with a deep understanding of technology, product and customers. Currently, RT heads up the marketing and sales function for IML.
- (c) The IML Founders do not have any shareholding interest, direct or indirect in the Company and they are not related to any of the Directors, chief executive officer, or controlling shareholders of the Company, or their respective associates.

2.3. **Assets to be acquired from IML**

- (a) Pursuant to the IML Business Acquisition, the Newco will be acquiring key assets of IML used for the IML Business, including but not limited to all intellectual property and software relating to Facial Liveness Detection, Age Classification and KYC Platform and contracts with key customers and resellers (the “**IML Assets**”), and employ and/or engage certain identified members of IML’s management and development team (the “**IML Team**”).
- (b) The detailed scope and content of the IML Assets to be acquired and the list of members in the IML Team to be employed and/or engaged under the IML Business Acquisition shall be subject to due diligence and further discussions and negotiations pursuant to entry into the Definitive Agreements.

3. **BACKGROUND AND RATIONALE**

3.1. After its entry into the identity management biometrics technology business in early 2021, the Company has been exploring new investment targets or partners across the digital identity space and biometrics industry value chain, including but not limited to biometrics technology developers, biometrics solution developers, traditional identity management solutions developers (with strong customer relationships), in order to build new biometric capabilities, products and markets.

3.2. Accordingly, the Company has mapped its existing biometric technological capabilities against customers’ needs, and in doing so, found that various identity management biometrics technologies are desired by its customers. Such technologies include:

- (a) Facial Liveness Detection

Liveness Detection is a security feature in biometric authentication that can ensure a biological identifier is in fact a real person. This is an increasingly sought after functionality by customers which seek protection against fraudulent impersonations. For Facial Liveness Detection, the passive detection method is more desirable than the active detection method as the passive detection method eliminates user’s responses to a challenge, such as nodding or turning the head, as required by active liveness detection

mechanisms which may not be suitable for use in cases with high frequency authentication, such as border control, airport access control and ATM machines.

(b) Age Classification

Age Classification technology is highly desired by customers due to its wide-ranging application in security and video surveillance, control of age-restricted product sales, and access control to digital content.

(c) KYC Platform

Customers desire modular KYC platforms as it allows the flexibility to utilise solutions from multiple vendors in a plug-and-play architecture for the development of various applications.

3.3. Hence, the Company recognises the need to boost its biometrics technological capabilities in areas demanded by its customers. Aside from exploring options to build these capabilities internally and working with its existing technology partners like TECH5 SA¹ (“**TECH5**”), the Company has approached various global biometrics technology developers to explore cooperation and/or investment.

3.4. Through this search, the Company has identified IML, which has made significant strides in various key biometrics technologies which were highlighted as desired by its customers, as summarised in paragraph 3.2 above:

(a) Facial Liveness Detection

IML’s Facial Liveness Detection is a 2D-image based passive liveness detection algorithm which can identify spoofing attacks from the analysis of a single self-captured image and requires no action by the user. IML’s Facial Liveness Detection software has also been proven to detect attempts to defraud using non-live images.

(b) Age Classification

IML’s neural network-based Age Classification technology is able to achieve robust age group classification based on the analysis of age-sensitive facial features, such as the location of the pupils, eye corners, lip boundaries, etc. The passive algorithm (which requires no user interaction) is able to estimate the approximate age of a person from the analysis of a 2D-image.

(c) KYC Platform

IML has developed a modular platform comprising a set of KYC tools packaged into an off-the-shelf system, allowing a third party to roll-out a complete authentication and identity product with ease and in minimal time. The platform offers multiple application programming interface (API) end-points. IML’s platform is particularly attractive to smaller customers who seek greater flexibility and ease of use, and requires less customisation.

3.5. For the Company to develop the biometrics technologies which have been already developed by IML, the Company assessed that significant time and resources will be required by the Company. To that end, there may be risks that the Company’s team may not succeed in this development and even if the development succeeds, there will be a time lag for such development to complete, which may cause the Company to miss significant immediate customer opportunities during the period of internal development.

¹ Please also refer to announcement dated 14 May 2021 in relation to the Company’s proposed equity investment in TECH5 (the “**TECH5 Announcement**”). The proposed equity investment in TECH5 is in the process of completion.

- 3.6. The IML Business Acquisition will complement the Company's proposed equity investment in TECH5 as announced in the TECH5 Announcement, which is in the process of completion. The IML Business and TECH5 focus on different spectrum of the biometrics and digital identity technology business value chain. TECH5's key focus lies in high value core biometric technologies, such as T5-Iris, T5-Face, and T-Finger, that form the brain and starting point of many downstream biometrics applications. On the other hand, IML develops platforms like their e-KYC Platform which is the basic infrastructure for digital onboarding of potential customers. The IML Business Acquisition represents another step by the Company to complete its toolkit of biometric technology and digital identity capabilities across the entire value chain in order to build an integrated and sustainable business model..
- 3.7. Accordingly, the Company is of the view that the Proposed Transactions will bring the following primary benefits to the Company:
- (a) provide the Company immediate access to biometric technologies with clear market demand and shorten the Company's time to market to cross-sell or cross-apply comprehensive biometrics products and solutions, thereby boosting market share, standing and profile in a relatively short period of time. Overall, the Company believes that its standing as a one-stop biometrics products and solutions provider can be significantly enhanced; and
 - (b) provide the Company immediate access to a proven team of biometrics technologies developers that will contribute to the building of biometrics talent and capabilities within the Group, and accelerate the Company's development of new biometric technologies inhouse. As innovation cycles are accelerating, having access to ready-to-go research and development talent with specialised skills, in-depth industry knowledge and business intelligence will enable the Group to be more relevant and competitive in the highly competitive biometrics technologies business space.

4. SALIENT TERMS OF THE TERM SHEET

4.1. Newco Incorporation

The IML Founders shall use all endeavours to incorporate the Newco within two (2) weeks from the date of the Term Sheet.

The total share capital of the Newco shall be S\$3,000 comprising 3,000 ordinary shares, The IML Founders shall hold 50.0% each in the Newco.

The Newco shall be incorporated to receive the IML Assets and employ and/or engage the IML Team pursuant to the IML Business Acquisition. The use of a Singapore incorporated Newco will allow the IML Assets and IML Team to be housed in and operated out a jurisdiction that the Company is familiar with and reduce future operational, compliance and regulatory costs and risks.

4.2. Newco Subscription and IML Business Acquisition

Subscription : Subscription of 7,000 new shares in the Newco by the Company (which shall be equivalent to 70.0% of the enlarged share capital of the Newco) for €1,500,000 (equivalent to approximately S\$2,395,000²) (the "**Subscription Consideration**") which shall be payable in cash (€500,000 (equivalent to approximately S\$798,000)) and via the issue of new ordinary shares in the share capital of the Company (the "**Shares**") (€1,000,000 (equivalent to approximately S\$1,597,000)).

² References to exchange rate of €1:S\$1.5969 in this announcement are extracted from www.oanda.com as at 4 July 2021.

The cash portion of the Subscription Consideration is expected to be funded from the Company's internal resources which includes the net proceeds from past placement and subscription exercises.

The issue price per new Share shall be at 8.0% discount to the volume weighted average price for trades done on the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the immediate preceding full market day on which the Definitive Agreements are signed.

The Subscription Consideration and the discount to the issue price for the new Shares were arrived at after arm's length negotiations amongst the Parties, taking into account, *inter alia*,

- (a) estimates of market value of IML Assets and its market alternatives and comparables;
- (b) estimated cost incurred by IML and IML Founders in building up the IML Assets; and
- (c) opportunity cost and risks of "buy versus build" decision for the Company.

Assignment of the Subscription Consideration : The Subscription Consideration shall be assigned by the Newco to be paid to IML, for and on behalf of the Newco to settle the consideration for the IML Business Acquisition, which is equivalent to the Subscription Consideration.

IML Business Acquisition Consideration : The IML Assets shall be acquired at the price of the Subscription Consideration, which shall be settled via the aforesaid Assignment of Subscription Consideration, the Newco shall purchase the IML Assets from IML and shall enter into employment and/or engagement with the IML Team.

Board Changes at the Newco : Upon completion of the Newco Subscription and IML Business Acquisition, the Company shall appoint three (3) directors to the board of the Newco, or such number of directors so as to give the Company majority control over the board of the Newco.

For the avoidance of doubt, the shareholders of the Newco pursuant to the Newco Subscription shall enter into a shareholders' agreement.

Conditionality : The Newco Subscription and IML Business Acquisition are interconditional and completion shall be conducted contemporaneously.

4.3. Convertible Loan

Loan Amount : The Company shall extend a loan of €600,000 (equivalent to S\$958,000) to the Newco (the "Loan Amount"), which can be convertible by the Company into new shares in the share capital of the Newco.

The Loan Amount is expected to be funded from the Company's internal resources which includes the net proceeds from past placement and subscription exercises.

Use of Proceeds : The proceeds from the Convertible Loan shall only be used towards the operational needs of the Newco in its ordinary course of business.

- Interest Rate** : 3.0% per annum in cash on the outstanding Loan Amount (on a 365-day pro-rata basis) on a quarterly basis.
- Conditionality** : The Convertible Loan shall be conditional upon and extended only upon the completion of the IML Business Acquisition. Extension of the Convertible Loan shall take place immediately upon the completion of the IML Business Acquisition.
- Maturity Date and Repayment** : The Loan Amount (and any outstanding interest) shall be repaid within two (2) years from date of disbursement of the Convertible Loan (the "**Maturity Date**").
- For the avoidance of doubt, the Newco shall not have the right to repay the Loan Amount prior to the Maturity Date, save with prior written consent from the Company.
- Conversion Right** : At any time prior to the Maturity Date, the Company shall have the right (but shall not be obliged) to convert the Loan Amount in whole or in part into new shares in the share capital of the Newco.
- Conversion Basis** : The conversion of the Convertible Loan shall be made on the basis of a valuation of Newco by an independent third party valuer to be mutually agreed at the time of such conversion, subject always that the Company shall be entitled to a minimum of 10% of the share capital of Newco arising from the conversion of the full Loan Amount.

4.4. Newco Shares Option

- Grant of Newco Shares Option** : Each of the IML Founders will grant an option to the Company to acquire all of the shares held by the IML Founders in the Newco (the "**Newco Option Shares**"), upon completion of the IML Business Acquisition.

The Company shall have the discretion to exercise the Newco Shares Option against each or both of AH and RT, and in respect of all or part of the Newco Option Shares.

For the avoidance of doubt, the grant of the Newco Shares Option shall not be conditional on the Convertible Loan or the conversion of the Convertible Loan but shall be conditional upon completion of the IML Business Acquisition.

- Newco Option Period** : Commencing on the date of completion of the IML Business Acquisition (and grant of the Newco Shares Option) and ending on the date falling two (2) years from the date of grant of the Newco Shares Option.

- Consideration** : Value of the Newco Option Shares shall be based on a valuation of Newco by an independent third party valuer to be mutually agreed at time of exercise of Newco Shares Option (the "**Option Value**").

In return for the Newco Option Shares, the Company shall issue new Shares amounting to the Option Value to the IML Founders. The issue price for the new Shares shall be based on the average market prices of the Shares prior to the exercise of the Newco Shares Option.

4.5. General

- Conditions Precedent** : (a) Conduct of due diligence by the Company and to the satisfaction of the Company in relation to the IML Assets and the IML Team.
- (b) Provision of non-compete and other similar assurance undertakings in favour of the Company in the spirit that each of the IML Founders does not enter into competitive activities in the same fields of activities as served by IML before the completion of the IML Business Acquisition for three (3) years after the completion of the Proposed Transactions, and IML shall start the process of liquidation within 12 months from the date of completion of the IML Business Acquisition, during which IML shall not enter into competitive activities).
- (c) Execution of employment and/or engagement contracts with the IML Team.
- (d) Execution of the Definitive Agreements.
- (e) Approvals for the Proposed Transactions and the issue of new Shares pursuant to the relevant Proposed Transactions by the Company being obtained from the Board and the shareholders of the Company, where necessary.
- (f) Approvals for the Proposed Transactions being obtained from the shareholders and directors of IML and the Newco, where necessary.
- (g) In-principal approval for the Proposed Transactions and/or listing and quotation of the new Shares to be issued by the Company pursuant to the relevant Proposed Transactions, being obtained from the SGX-ST and/or sponsor the Company, if necessary, and not having been revoked or amended.
- Representations, Warranties, Undertakings and Events of Default** : The Definitive Agreements will contain representations, warranties, undertakings, events of default involving the Newco, IML, IML Founders and the Company (in their respective capacities, as the case may be) which are customary for Proposed Transactions of such nature.
- Term Sheet Period** : The Parties shall negotiate in good faith and finalise and enter into the Definitive Agreements no later than two (2) months from the date of the Term Sheet (or such other date as may be agreed between the Parties, failing which this Term Sheet will expire, and the Parties shall have no further claim against each other in respect of the Proposed Transactions.
- Exclusivity** : Each of the Newco, IML and IML Founders agrees with and undertakes to the Company that, during the Term Sheet Period, it shall not enter into any negotiations, understandings, contracts or agreements with any third party with the intention of entering into any transactions similar to the transaction contemplated under the Term Sheet.
- Governing Law** : Laws of Singapore.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective interests arising by way of their directorships and/or shareholdings in the Company and as disclosed in this announcement, none of the Directors or substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Transactions.

6. DOCUMENTS AVAILABLE FOR INSPECTION

- 6.1. A copy of the Term Sheet will be available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 20 Collyer Quay #09-02 Singapore 049319.
- 6.2. Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company at +65 6970 1971 prior to making any visits to arrange for a suitable time slot for the inspection.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

8. FURTHER ANNOUNCEMENTS

- 8.1. The Board wishes to emphasise that the Term Sheet is subject to the Parties' entry into the Definitive Agreements. The Proposed Transactions are subject to further negotiations and conditions, and there is no certainty or assurance as at the date of this announcement that the Parties will eventually enter into any Definitive Agreement as contemplated under the Term Sheet.
- 8.2. The Company will make further announcements as and when appropriate in compliance with the requirements of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**") (including, *inter alia*, information required under Chapter 10 of the Catalist Rules) if and when the Definitive Agreements in respect of the Proposed Transactions have been entered into and/or when there are material developments in respect of the Proposed Transactions.

9. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Transactions remain subject to, amongst others, the entry into the Definitive Agreements and the relevant conditions precedent being fulfilled. There is no certainty or assurance that the Definitive Agreements will be entered into, the conditions precedent for the Proposed Transactions will be fulfilled, the Proposed Transactions will be completed or that no changes will be made to the terms of the Proposed Transactions. Shareholders, securityholders and investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the Shares and securities of the Company. Shareholders, securityholders, and investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt

about the actions they should take or when dealing with their Shares or securities of the Company.

BY ORDER OF THE BOARD

Mr. Pierre Prunier
Chief Executive Officer and Executive Director
5 July 2021

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

The contact person for the Sponsor is Mr. Ong Hwee Li (telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.