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

RESPONSE TO SECURITIES INVESTORS ASSOCIATION (SINGAPORE) QUERIES RECEIVED BY THE COMPANY ON 22 SEPTEMBER 2021

The board of directors (the "**Board**" or the "**Directors**") of Yinda Infocomm Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the queries from the Securities Investors Association (Singapore) ("**SIAS**") on 22 September 2021. The Company sets out its responses to the queries raised by SIAS below:

Q1. The letter to shareholders can be found on pages 3 to 5 of the annual report. There was no sign-off by any director although it was written in a first-person plural voice, i.e. "we".

(i) Can the company clarify who wrote the letter to shareholders?

The letter to shareholders was prepared by the Executive Directors and represents the collective view of the board.

(ii) Given the focus on building the group's presence in the digital identity and biometrics industry, has the board already decided to dispose of the telecommunications business at an opportune time, in the near future? In January 2021, the group had already disposed of the Malaysia and Philippines subsidiaries.

The Company's existing telecommunication projects in Singapore and Thailand have been affected and delayed due to measures taken by the respective governments in their efforts to curb COVID-19 since March 2020. Due to the uncertainties caused by the COVID-19 pandemic, the Group is unable to ascertain the expected completion dates for the delayed projects in both Singapore and Thailand and the corresponding impact to the Group's financial performance and operations. The Group will continue to monitor its telecommunications business closely and where necessary, perform a strategic review of this business segment.

(iii) Since the acquisition of a 51% stake in InterBIO in April 2021, has the newly acquired biometric business performed up to management's expectations? How does the group acquire new customers for its biometric technology solutions? If and when new customers are secured, are these likely to be long-term contracts with recurring income/fees?

Since the acquisition in early April 2021, InterBIO has contributed a revenue of S$1.0 million for the Group's financial year ended 31 May 2021 ("**FY2021**"). Notably, the approximately 2 months of revenue contribution from InterBIO accounted for approximately 15% of the Group's total annual revenue from its continuing operations. Notwithstanding the overall Group's losses, InterBIO has contributed S$0.5 million operating profit to the Group.

InterBIO is proactively building its sales pipeline and bidding for medium to large-scale end-to-end digital identity projects. InterBIO is currently in discussions with potential parties to explore new business opportunities to develop a vertically integrated value chain for identity management. Nonetheless, InterBIO is facing short term challenges in closing sales and the implementation of its projects in Indonesia due to the recent surge in COVID-19 infections and tightening of restrictions in the country.

While most of the sales pipeline are on a project basis, InterBIO will include an annual technical support and maintenance program in the contracts which will amount to a certain percentage of the contract value to generate recurring income. In addition, InterBIO is also pivoting its business model towards generating higher quality recurring revenue stream via the Identity-as-a-service ("**IDaaS**") model with the aim of enhancing the Company's profitability and create long-term shareholder value.

(iv) The group recorded approximately $20.3 million and $23.6 million of goodwill and intangible assets arising from the acquisition of InterBIO after fair value adjustments were made on intangibles such as technology and customer relationship. Can the board elaborate further on its experience and track record in investing in technology companies? How does the board ensure that such acquisitions will lead to long term value-creation for shareholders given that significant amounts are paid upfront in the acquisition that are attributable to goodwill and intangible assets?

The Company has conducted feasibility studies on the targets and commissioned the necessary due diligence (legal, financial and tax) by engaging the relevant professionals and consultants. In addition, the Management has assessed the commercial viability of the said technologies via live demonstration, webinars and workshops and review of reports from the National Institute of Standards and Technology ("**NIST**"). NIST is a physical sciences laboratory and non-regulatory agency of the United States Department of Commerce and its reports attract worldwide attention from industry leaders, competitors and customers alike.

Post-acquisition of InterBIO, the Company has appointed Mr Pierre Prunier as Chief Executive Officer and Executive Director. Mr Prunier has joined InterBIO since 2019 as Chief Strategy Officer and is currently the Director and Chief Executive Officer of InterBIO. Going forward, Mr Prunier will lead the Board in sourcing and assessing technology related investments.

Identity management biometric technology is proliferating and becoming normalized, both in government domains and in the consumer's private life. Due to the increasing trend of fraud, identity theft, terrorism and international regulation changes, new biometric security solutions are constantly being implemented. Biometric technologies have steadily emerged in across various industry verticals (banking, healthcare, e-commerce, etc.) and in different modalities (facial recognition, fingerprint recognition, iris recognition, etc.). More importantly, one of the key sources of revenue for identity management comes from government spending.

The Board believes that the Group will be able to ride on InterBIO's current base of maintaining Indonesia's current national identity database (of approximately 200 million of enrolled citizens) as well as to build new inroads into the application of identity management biometric technology solutions in the burgeoning Indonesian market. These applications encompass a wide variety of medical insurance, healthcare, banking, electronic payments, transport and telecommunication related applications of identity management biometric technologies in the commercial sector which are still largely untapped.

Together with the investment of TECH5 and acquisition of IML's assets, the Group currently has immediate access to complementary biometric platforms and technologies with clear market demand, as well as a proven team of biometrics technology developers that will bolster the Group's standing as a one-stop digital identity management technology provider. This will allow the Group to solidify a position of leadership in the industry and create value for shareholders over the longer term.

(v) Can management elaborate further on the strategic value of TECH5 and The Institute of Machine Learning GmbH? Does InterBIO have in-house R&D capability?

The Group is aware that sound identity management biometric technology forms the bedrock of its new customer solution development and new markets outreach efforts in the identity management business.

Through the Proposed Investment in TECH5, the Group will be able to immediately tap into the proven biometric technologies of TECH5. The Group will be further granted by TECH5 reseller and distribution rights for Singapore, Thailand, Cambodia and Vietnam, in addition to the exclusive value-added reseller and distribution rights for China and Japan granted previously under the TECH5 Preferential Licensing Agreement.

The Institute of Machine Learning GmbH ("**IML**"), on the other hand, has a ready-to-customise platform for digital onboarding and e-KYC that is accompanied by Facial Liveness Detection IP.

Together with InterBIO, a system integrator with strong capabilities and experience in executing very large trimodal biometric projects in Indonesia, TECH5 and IML will bring the Company closer to its strategic goal of being a truly one-stop identity management biometrics technology solutions provider.

While InterBIO does not have in-house R&D capability, it has core technical teams in Indonesia and India to deliver comprehensive solutions for its projects.

Q2. As shown on page 7 (Financial highlights), loss attributable to owners of the company amounted to $(7.85) million in FY2021. The number of issued shares has increased from 152 million to 647.3 million, due to several private placements carried out in the past year.

Net asset value per share increased to 8.11 cents as at 31 May 2021. On 31 March 2021, SGX Regco issued a trade with caution (TWC) alert and urged investors and potential investors to exercise caution when dealing in the shares of the company. SGX Regco noted the 181% increase in the share price of the company (to $0.149) from 24 September 2020 to 30 March 2021. Subsequent to the TWC announcement, the company's share price increased to as high as 39.5 cents per share at the end of May 2021.

SGX Regco further noted that the same individual has acted as the introducer in the 5 occasions highlighted, and their review of the trades showed that "a group of accounts appeared to be influencing the share prices of the company". The initial findings by SGX Regco suggested that the individuals behind these accounts are likely connected to the introducer.

(i) Can the company help shareholders understand how it was first introduced to the introducer, a Mr. Tan Chin Tuan? The said introducer had been identified as "an associate of an existing shareholder of the company" in the company's announcement dated 29 September 2020 although the company's announcement dated 26 January 2021 stated that Mr Tan Chin Tuan and Ms Li Jingjing are not related to the directors and controlling shareholders of the company, and their respective associates. Please clarify if there are any relationships between Mr Tan Chin Tuan and the directors, senior executives, substantial shareholders or their associates.

As a result of the Covid-19 pandemic, the Group's telecommunications projects in Singapore, Philippines and Thailand were delayed since 2020. This led to the Group facing a tight cash position (cash and cash equivalents amounted to approximately S$0.4 million as at 31 May 2020 ("**FY2020**")) and the Board and Management explored ways to improve the financial position of the Group, one of which was for the Company to conduct a fund-raising exercise. Mr Tan Chin Tuan was subsequently introduced to the Management and the Board by a shareholder of the Company.

To the best of the Board's knowledge, Mr Tan Chin Tuan is not related to the directors, senior executives, controlling shareholders of the Company, and their respective associates.

(ii) Can the board also clarify if there are any ongoing business relationships with Mr Tan Chin Tuan, Ms Li Jingjing, Precious Glory Enterprises Limited or their associates?

Arising from the introduction of InterBIO and TECH5 for acquisition by or partnership with the Company, the Company has further engaged Precious Glory Enterprises Limited to identify potential business partners and to introduce the Company to potential customers in Asia.

(iii) Did the board review the trade with caution announcement by SGX Regco? If so, what changes did the board make? As a matter of prudence, did the board clarify with the introducer his role in the trading of the company's shares that was found by SGX Regco to be influencing the share price?

The board notes the trade with caution announcement by SGX Regco. The Company did clarify with the introducer. The introducer has informed the Company that he did not trade in the Company's shares at any time.

Q3. On 16 September 2021, the company announced that there are material variances between the unaudited financial statements and the audited financial statements for the financial year ended 31 May 2021 following the finalisation of audit.

The announcement on the unaudited financial results for the financial year ended 31 May 2021 was first released via SGXNet on 29 July 2021. The announcement of material variance came 7 weeks after the company first announced the unaudited financial statements.

The announcement by the company did not clearly explain why some of these accounting entries were wrongly recorded or classified. For instance, actual cash outflow of transaction costs on the acquisition of a subsidiary was adjusted (from $0) to $2.1 million while cash inflow from trade and other receivables was reduced by $2.06 million mainly due to recognition of movements in trade and other receivables arising from the acquisition and disposal of subsidiaries that had a non-cash impact.

The company had also announced material differences between the unaudited and audited financial statements for the financial year ended 31 May 2020, making it two consecutive years of having to do so.

(i) Can the audit committee (AC)/management elaborate further on the underlying reasons for the material changes following the finalisation of audit?

With reference to the recent discrepancies between the Group's audited and unaudited financial statements for FY2021, mainly arising from reclassifications proposed by the Company's External Auditor, Baker Tilly TFW LLP ("**Baker Tilly**") during its audit, for better presentation of financial information, taking into account the commercial intentions of the Company. These reclassifications did not result in any significant financial impact to its Group's profit and loss and changes to cash and cash equivalents. As for the variances arising in the Statement of Comprehensive Income, for instance, over-recognition of revenue due to cut-off errors, impairment of contract assets and trade receivables and impairment of property , plant and equipment were explained accordingly.

For the amount of $2.1 million actual outflow of transaction costs on acquisition of subsidiary, this is due to the disclosure of separate additional line items to provide clarity on the cash and non-cash portions of the acquisition costs in the audited financial statements. There was an addition of a line item of $2.1 million of actual cash flow in the audited financial statements, offset against the additional line item of transaction costs on acquisition of a subsidiary of $2.5 million, recorded under cash flows from operating activities before changes in working capital. The remaining $0.4 million was included in the movement of trade and other payables. As such, there was no net financial impact between the audited and unaudited financial statements.

The reduction of $2.06 million of cash inflow in trade receivables, refers to the adjustments made subsequently in the audited financial statements to reflect the impact of acquisition and disposal transactions, but did not have a financial impact on the Statement of Financial Position and Statement of Comprehensive Income. Similar to the above reclassification, the Statement of Cash Flows details the changes in cash and cash equivalents due to changes in the Statement of Financial Position and Statement of Comprehensive Income from FY2020 to FY2021, and these changes relate to the classification of cash and non-cash items in the Cash Flow Statements.

(ii) Is the group (including its officers) familiar with the Singapore Financial Reporting Standards (International) (SFRS(I)), especially as the group is on an aggressive acquisition growth path?

The Company's Deputy Chief Financial Officer was an auditor with more than 15 years' experience in various international firms. He is also a fellow member of the Association of Chartered Certified Accountants and member of the Institute of Singapore Chartered Accountants ("**ISCA**"). Thus, he is well-equipped with relevant financial knowledge to cope with the accounting treatment for acquisitions. In addition, the Group's Finance Manager, together with one of the Executive Directors, are also members of ISCA.

The Board also recognises the importance of ongoing training and development for the employees and the directors so as to enable them to serve effectively and contribute to the Company. Employees and directors are provided with opportunities to attend additional training to further enhance their skills and knowledge, including attending appropriate courses and/or seminars at the Company's expense.

(iii) How can shareholders get assurance from management that the financial statements are prepared in accordance with the relevant Act and financial reporting standards?

The Audit Committee ("**AC**") of the Company would review the financial statements prepared by the management on a half-yearly basis and subject to the AC's recommendations, the Board would approve such financial statements at the half-yearly board meetings. The AC conducts regular discussions and meetings with the Company's Management and External Auditors, and further meets with the External Auditors without the presence of the management.

The Board and AC proactively and regularly engages with the External Auditors to obtain periodic updates and gain guidance on any accounting matters and methodologies that require clarification with a view to improve the Group's financial reporting function.

(iv) Has the AC evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?

The AC undertakes an ongoing review process on the internal financial function of the Group based on the current and evolving operations and requirements of the Group. While the AC is satisfied that the Group is currently adequately staffed with experienced and qualified finance personnel, the AC has recommended to increase the headcount of the finance team in view of the expansion of the Group's operations.

The AC will continue to assess whether the internal finance team is sufficiently resourced with the relevant capabilities to meet the Group's requirements for its entry into the identity management business.

(v) What changes have been made/will be made to the group's financial reporting systems and processes?

In addition to the AC working closely with the External Auditors, the AC had recommended, and the Company has engaged, an independent and reputable internal audit firm ("**IA**") to assist the AC in monitoring the Group's internal controls over operational and financial policies, especially the planning of full scale internal controls review and setting up new Standard Operating Procedures ("**SOP**") for newly acquired investments in near future.

BY ORDER OF THE BOARD

Mr. Pierre Prunier
Chief Executive Officer and Executive Director
29 September 2021

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*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.*

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