

INTERNAL REVIEW OF WHOLLY-OWNED SUBSIDIARY AND RECEIPT OF LETTER OF DEMAND

The Board of Directors (“**Board**”) of Revez Corporation Ltd. (“**Company**” and together with its subsidiaries, “**Group**”) refers to its announcements dated 16 August 2022, 28 July 2022, 17 July 2022, 30 June 2022, 24 June 2022, and 22 June 2022 in relation to the receipt of payment demand by its wholly-owned subsidiary, PGK Digital Networks Pte Ltd (“**PGK**”) from its service provider, EMS Services Pte Ltd (“**EMS**”). All capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed in the aforesaid announcements. As stated in the Company’s announcement dated 28 July 2022 and 16 August 2022, PGK has made full payment of the sum of S\$487,706.24 claimed by EMS.

The Company would like to update the Shareholders that, following the payment demands received by PGK from EMS, the directors whom the Company has nominated to the board of PGK (the “**Nominated Directors**”) have started taking steps to conduct an internal review of the management, operations, and financial status of PGK (the “**Internal Review**”). The Company would further like to update the Shareholders that during the course of this Internal Review, the Company received a letter of demand via email dated 18 August 2022 from solicitors acting for PGK’s Chief Executive Officer, Mr Giulio Dorrucchi (“**Mr Dorrucchi**”), the contents of which will be elaborated below.

BACKGROUND

The Board refers to its announcement dated 30 September 2020, wherein it announced that the Company entered into a conditional binding term sheet (the “**Agreement**”) with Mr Dorrucchi on 30 September 2020 to purchase the entire interest in the issued and paid-up share capital, comprising all the ordinary shares, of PGK held by Mr Dorrucchi. The salient terms of the Company’s acquisition of Mr Dorrucchi’s issued and paid-up share capital in PGK were set out in the Company’s aforesaid announcement.

In particular, the Company acquired 100% equity of PGK from Mr Dorrucchi for S\$4 million which would be paid in a combination of cash and Company ordinary shares (“**Company’s shares**”). The “**BUY PRICE**” of the Company’s shares under the Agreement is S\$0.34784.

Under the Agreement, the purchase consideration for Mr Dorrucchi’s issued and paid-up share capital in PGK are as follows:

- (a) On the date of completion of the purchase, an amount equivalent to S\$2,400,000 in cash (Singapore Dollars Two Million Four Hundred Thousand) was payable either by telegraphic transfer or cashier’s order in such mode as the Company shall determine, to Mr Dorrucchi;
- (b) Conditional where PGK’s Net Profit Before Tax (“**NPBT**”) for FY2021 (being 1st January 2021 – 31 December 2021) is equal or more than S\$1,000,000 (Singapore Dollars One Million), such 1,437,442 number of the Company’s shares equivalent to the value of S\$500,000 calculated using the BUY PRICE to be issued to Mr Dorrucchi (“**Second Tranche Payment**”);
- (c) Conditional where PGK’s NPBT for FY2022 (being 1st January 2022 – 31 December 2022) is equal or more than S\$1,000,000 (Singapore Dollars One Million), such 1,437,442 number of the Company’s shares equivalent to the value of S\$500,000 calculated using the BUY PRICE to be issued to Mr Dorrucchi (“**Third Tranche Payment**”); and
- (d) Conditional where PGK’s NPBT for FY2023 (being 1st January 2023 – 31 December 2023) is equal or more than S\$1,000,000 (Singapore Dollars One Million), such 1,724,931 number of the Company’s shares equivalent to the value of S\$600,000 calculated using the BUY PRICE to be issued to Mr Dorrucchi (“**Fourth Tranche Payment**”).

Further to the foregoing, it is provided under the Agreement that:

- (a) For FY2021, if PGK's actual NPBT falls short of S\$1,000,000, the relevant shortfall shall be carried over and added to the NPBT for FY2022 of S\$1,000,000 ("**Revised Achievement for FY2022**"). The Second Tranche Payment will be withheld. No Company's shares will be issued subject to PGK achieving the Revised Achievement for FY2022.
- (b) For FY2022, if PGK's actual NPBT falls short of the Revised Achievement for FY2022, the relevant shortfall shall be carried over and added to the NPBT for FY2023 of S\$1,000,000 ("**Revised Achievement for FY2023**"). The Third Tranche Payment will be withheld. No Company's shares will be issued subject to PGK achieving the Revised Achievement for FY2023.
- (c) For FY2023, if PGK's actual NPBT falls short of the Revised Achievement for FY2023, Mr Dorrucchi shall have no right or entitlement to any payment of the Second Tranche Payment, Third Tranche Payment, and the Fourth Tranche Payment. Mr Dorrucchi understands and agrees that he will not have any claims for any payment, issuance of any Company's shares or compensation in any way or form.
- (d) As long as PGK can achieve NPBT of S\$3,000,000 (Singapore Dollars Three Million) cumulatively across FY2021, FY2022 and FY2023 ("**Accumulative NPBT**"), either in a single year, or as sum of two (2) years or cumulatively across the three (3) years whichever is earlier, the remaining purchase condition of \$1,600,000 worth of Company's shares calculated using the BUY PRICE will be issued to Mr Dorrucchi.

In addition to the purchase condition above, there is a one-time reward for performance that is calculated based on a percentage equivalent to 40% (forty percent) of the Bonus Earn Out; the Bonus Earn Out is calculated based on the total actual NPBT for FY2021, FY2022, and FY2023 less the Accumulative NPBT.

The completion of the Company's acquisition of PGK took place on 27 October 2020 and PGK became a 100% wholly owned subsidiary of the Company. To-date, Mr Dorrucchi remains as the Chief Executive Officer of PGK.

INTERNAL REVIEW OF PGK BY NOMINATED DIRECTORS

Following the Company's acquisition of PGK on 27 October 2020, PGK reported a net loss before tax in FY2020, and missed Agreement FY2021 target of S\$1,000,000 NPBT by a wide margin.

On 21 June 2022, PGK was notified by its service provider, EMS, to make payment of outstanding amounts of S\$326,432.63 owing to EMS for services rendered by 21 June 2022. These services relate to digital screen installations and support related services which were provided to PGK for the invoicing period from January 2022 to March 2022. After attempts at commercial negotiations were unsuccessful, EMS subsequently issued a statutory demand dated 15 July 2022 for payment of the sum of S\$487,706.24. PGK has since made full payment of the sum of S\$487,706.24 claimed by EMS in the statutory demand dated 15 July 2022. As PGK did not have sufficient financial resources to meet these payments, at the request of PGK, the Company extended a shareholders' loan to PGK for this purpose.

Concerned with PGK's financial performance in FY2020 and FY2021, and the payment demands made by EMS, the Nominated Directors began the Internal Review of PGK in or about late June 2022. The scope of the Internal Review includes a review and assessment of PGK's management, operations, and financial status. The Nominated Directors have reached out to and sought assistance from Mr Dorrucchi in the Internal Review.

The Nominated Directors hope to satisfy themselves that PGK remains aligned to the strategic interest of the Group by continuing to serve as a sustainable revenue stream.

LETTER OF DEMAND DATED 18 AUGUST 2022

The Board wishes to update the shareholders that the Company has on 18 August 2022 received via email a letter of demand dated 18 August 2022 from Mr Dorrucchi's solicitors, Braddell Brothers LLP.

Mr Dorrucchi has alleged that the Company had, together with the Nominated Directors, interfered with PGK's ability to achieve the NPBT milestones relating to the Tranche Payments under the Agreement, and that the Company had attempted to cause injury, damage, and loss to PGK and Mr Dorrucchi.

Pursuant to this letter, Mr Dorrucci demanded *inter alia* that:

- (a) The Company make full payment of the Tranche Payments and Bonus Earn Outs under the Agreement;
- (b) The Company ceases and desists from engaging in any conduct with the objective of causing loss, damage, or injury to PGK or Mr Dorrucci;
- (c) The Company ceases and desists from interfering with Mr Dorrucci's role, responsibilities, and function as PGK's Chief Executive Officer;
- (d) The Company shall procure the resignation of its current nominated directors in PGK and appoint other persons to the board of PGK;
- (e) The Company shall deliver up to PGK all of PGK's confidential information; and
- (f) Payment by PGK of the sum of S\$510,000 allegedly due to Mr Dorrucci.

The Company's external legal advisors have advised that Mr Dorrucci's demands are wholly without merit, and the Company will categorically refute Mr Dorrucci's demands and defend any legal proceedings which may arise therefrom vigorously.

The Company is of the view that Mr Dorrucci's demands, and any potential legal proceeding relating to this matter will not affect the continued business operations of the Group, and (if and) in the event any payment of such demand(s) are made by PGK, such payment(s) are not expected to materially impact the financial position of the Group. None of the other Group entities are liable for the alleged amount owing by PGK to Mr Dorrucci and as stated previously, the Group's ability to continue as a going concern is also not affected by this matter.

To the best of the Board's knowledge, all material disclosures have been announced for the trading of the Company's shares to continue. On this basis, the Board confirms that sufficient information have been disclosed for the trading of the Company's securities to continue in an orderly manner.

The Company will update the shareholders via SGXNet on any further material development on the letter of demand by way of further announcement(s) as and when necessary.

By Order of the Board
REVEZ CORPORATION LTD.

Neo Wee Han Victor
Executive Director, Chief Executive Officer and Deputy Board Chairman

Date: 23 August 2022

*This announcement has been prepared by Revez Corporation Ltd. ("**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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