

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

BEFORE MAKING ANY INVESTMENT IN THE SECURITIES BEING OFFERED, YOU SHOULD CONSIDER THE INFORMATION PROVIDED IN THIS DOCUMENT CAREFULLY, AND CONSIDER WHETHER YOU UNDERSTAND WHAT IS DESCRIBED IN THIS DOCUMENT. YOU SHOULD ALSO CONSIDER WHETHER AN INVESTMENT IN THE SECURITIES BEING OFFERED IS SUITABLE FOR YOU, TAKING INTO ACCOUNT YOUR INVESTMENT OBJECTIVES AND RISK APPETITE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY. YOU ARE RESPONSIBLE FOR YOUR OWN INVESTMENT CHOICES.

If you have sold or transferred all your ordinary shares (the "Shares") in the capital of Artivision Technologies Ltd. (the "Company") held through The Central Depository (Pte) Limited (the "CDP"), you should immediately inform the purchaser or transferee, or the bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular, together with the Notice of EGM and the accompanying Proxy Form, may be accessed via SGXNet.

An application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission for the listing of and quotation for the Consolidated Shares (as defined herein), the Consideration Shares (as defined herein), the Settlement Shares (as defined herein), the Mr. Ching Placement Undertaking Shares (as defined herein), the ZICO Shares (as defined herein), the Target Employees Incentive Shares (as defined herein), the Placement Shares (as defined herein), the Award Shares (as defined herein) and the Option Shares (as defined herein) on Catalist. The listing and quotation notice for the Consolidated Shares, the Consideration Shares, the Settlement Shares, the Mr. Ching Placement Undertaking Shares, the ZICO Shares, the Target Employees Incentive Shares, the Placement Shares, the Award Shares and the Option Shares, if issued by the SGX-ST, is not to be taken as an indication of the merits of the Proposed Transactions (as defined herein), the Company, the Target Group (as defined herein), the Enlarged Group (as defined herein), the Shares, the Consolidated Shares, the Consideration Shares, the Settlement Shares, the Mr. Ching Placement Undertaking Shares, the ZICO Shares, the Target Employees Incentive Shares, the Placement Shares, the Award Shares or the Option Shares.

A copy of this Circular has been lodged with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore (the "Authority" or "MAS"). Neither the Authority nor the SGX-ST has examined or approved the contents of this Circular. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Circular, including the correctness or accuracy of any of the statements made, reports contained, or opinions expressed. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that the listing applicant is suitable to be listed on the Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the shares or units of shares, as the case may be, being offered for investment. The lodgment of this Circular with the SGX-ST does not imply that the Securities and Futures Act (Chapter 289) of Singapore (the "SFA"), or any other legal or regulatory requirements, or requirements under the Catalist Rules, have been complied with.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Financial Adviser", the "Sponsor" or "ZICO Capital"), in accordance with Rule 226(2)(b) of the Catalist Rules.

The Sponsor has not independently verified the contents of this Circular. The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd., 8 Robinson Road, #09-00, ASO Building, Singapore 048544.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the SGX-ST's Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

YOUR ATTENTION IS DRAWN TO SECTION 21 OF THIS CIRCULAR ENTITLED "RISK FACTORS" WHICH HIGHLIGHTS CERTAIN MATERIAL RISKS RELATING TO THE ENLARGED GROUP, ITS BUSINESS AND INDUSTRY AND OWNERSHIP OF THE SHARES FOLLOWING COMPLETION. IN PARTICULAR, SHAREHOLDERS SHOULD NOTE THAT THE ENLARGED GROUP IS SUBJECT TO RISKS ASSOCIATED WITH (I) THE TARGET GROUP'S FINANCIAL POSITION DURING THE PERIOD UNDER REVIEW, INCLUDING THAT THE TARGET GROUP RECORDED NET LOSS, NEGATIVE WORKING CAPITAL, NEGATIVE OPERATING CASHFLOW AND NEGATIVE EQUITY FOR THE PERIOD UNDER REVIEW AND (II) THE PAYMENT SERVICES AND FINTECH INDUSTRIES. SHAREHOLDERS ARE ADVISED TO TAKE THESE FACTORS INTO CONSIDERATION WHEN DECIDING ON THE PROPOSED TRANSACTIONS, THE PROPOSED TERMINATION OF THE ARTIVISION TECHNOLOGIES EMPLOYEE SHARE AWARD SCHEME 2015, THE PROPOSED ADOPTION OF THE MCP PERFORMANCE SHARE PLAN, THE PROPOSED ADOPTION OF THE MCP EMPLOYEE SHARE OPTION SCHEME, THE APPOINTMENT OF THE PROPOSED NEW DIRECTORS, THE PROPOSED CHANGE OF NAME AND THE PROPOSED ADOPTION OF THE NEW CONSTITUTION.

IF ANY OF THE RISKS SET OUT IN THE SECTION ABOVE DEVELOPS INTO AN ACTUAL EVENT, THE ENLARGED GROUP'S BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS COULD BE MATERIALLY AND ADVERSELY AFFECTED. IN SUCH CASES, THE TRADING PRICE OF THE SHARES COULD DECLINE AND YOU MAY LOSE ALL OR PART OF YOUR INVESTMENT.



ARTIVISION TECHNOLOGIES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200407031R)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- (1) THE PROPOSED ACQUISITION OF ALL THE ORDINARY SHARES AND CONVERTIBLE BONDS ISSUED BY MOBILE CREDIT PAYMENT PTE. LTD. FOR AN AGGREGATE CONSIDERATION OF S\$82,805,780;
- (2) THE PROPOSED SHARE CONSOLIDATION OF EVERY FIFTY (50) ORDINARY SHARES INTO ONE (1) CONSOLIDATED SHARE;
- (3) THE PROPOSED ALLOTMENT AND ISSUANCE OF 157,725,296 CONSIDERATION SHARES AT AN ISSUE PRICE OF S\$0.525 EACH TO THE VENDORS IN SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION;
- (4) THE PROPOSED ALLOTMENT AND ISSUANCE OF 64,516,129 SETTLEMENT SHARES TO MR. CHING CHIAT KWONG AS AN INTERESTED PERSON TRANSACTION IN CONNECTION WITH THE PROPOSED ACQUISITION;
- (5) THE PROPOSED ALLOTMENT AND ISSUANCE OF 62,305,295 MR. CHING CHING PLACEMENT UNDERTAKING SHARES (ON A PRE-PROPOSED SHARE CONSOLIDATION BASIS) TO MR. CHING CHIAT KWONG;
- (6) THE PROPOSED ALLOTMENT AND ISSUANCE OF 2,360,000 ZICO SHARES TO THE SPONSOR AND FINANCIAL ADVISER IN CONNECTION WITH THE PROPOSED ACQUISITION;
- (7) THE PROPOSED ALLOTMENT AND ISSUANCE OF 445,520 TARGET EMPLOYEES INCENTIVE SHARES TO INCENTIVISED TARGET EMPLOYEES IN CONNECTION WITH THE PROPOSED ACQUISITION;
- (8) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 16,000,000 PLACEMENT SHARES;
- (9) THE PROPOSED TERMINATION OF THE ARTIVISION TECHNOLOGIES EMPLOYEE SHARE AWARD SCHEME 2015;
- (10) THE PROPOSED ADOPTION OF THE "MCP PERFORMANCE SHARE PLAN" AND "MCP EMPLOYEE SHARE OPTION SCHEME";
- (11) THE APPOINTMENT OF THE PROPOSED NEW DIRECTORS TO THE COMPANY UPON COMPLETION OF THE PROPOSED ACQUISITION;
- (12) THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM "ARTIVISION TECHNOLOGIES LTD." TO "MC PAYMENT LIMITED"; AND
- (13) THE PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY.

Sponsor and Financial Adviser to the Company



ZICO CAPITAL PTE. LTD.

(Company Registration No. 201613589E)
(Incorporated in the Republic of Singapore)

Independent Financial Adviser to the Existing Directors in respect of the Proposed Allotment and Issuance of Settlement Shares, as an interested person transaction



RHT CAPITAL PTE. LTD.

(Company Registration No. 201109968H)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	20 January 2021 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	22 January 2021 at 10.30 a.m.
Place of Extraordinary General Meeting	:	Held by electronic means

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CORPORATE INFORMATION

CURRENT BOARD OF DIRECTORS	:	Mr. Ng Weng Sui Harry (Non-Executive Chairman and Independent Director)
		Mr. Kesavan Nair (Non-Executive Independent Director)
PROPOSED BOARD OF DIRECTORS UPON COMPLETION OF THE PROPOSED ACQUISITION	:	Mr. Albert Cheok Saychuan (Chairman and Independent Director)
		Mr. Koh Beng Kiok Anthony (Executive Director and Chief Executive Officer)
		Mr. Kim Moon Soo (Executive Director and Chief Operating Officer)
		Mr. Ng Weng Sui Harry (Non-Executive Non-Independent Director)
		Mr. Shawn Ching Wei Hung (Non-Executive Non-Independent Director)
		Mr. Kesavan Nair (Independent Director)
		Dr. Lillian Koh Noi Keng (Independent Director)
COMPANY SECRETARIES	:	Tan Swee Gek (LLB (Hons)) Ong Beng Hong (LLB (Hons))
REGISTERED OFFICE OF THE COMPANY	:	10 Ubi Crescent #05-05 Ubi Techpark Singapore 408564
SHARE REGISTRAR	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) 80 Robinson Road #11-02 Singapore 068898
FINANCIAL ADVISER TO THE COMPANY IN RESPECT OF THE PROPOSED ACQUISITION	:	ZICO Capital Pte. Ltd. 8 Robinson Road #03-00 ASO Building Singapore 048544
AUDITORS TO THE COMPANY FOR THE FINANCIAL YEARS ENDED 31 MARCH 2018 AND 2019	:	PricewaterhouseCoopers LLP 7 Straits View, #12-00 Marina One East Tower Singapore 018936
		Partner-in-charge: Mr. Lee Chian Yorn (a member of the Institute of Singapore Chartered Accountants)

CORPORATE INFORMATION

AUDITORS TO THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581 Partner-in-charge: Mr. Yap Wee Kee (a member of the Institute of Singapore Chartered Accountants)
INDEPENDENT AUDITORS TO THE TARGET GROUP AND REPORTING ACCOUNTANTS TO THE ENLARGED GROUP	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581 Partner-in-charge: Mr. Yap Wee Kee (a member of the Institute of Singapore Chartered Accountants)
LEGAL ADVISER TO THE COMPANY ON SINGAPORE LAW IN RELATION TO THE PROPOSED ACQUISITION	:	Vincent Lim & Associates LLC 18 Cross Street #07-11 Cross Street Exchange Singapore 048423
LEGAL ADVISER TO THE TARGET ON SINGAPORE LAW	:	Rajah & Tann Singapore LLP 9 Straits View Marina One West Tower, #06-07 Singapore 018937
LEGAL ADVISER TO THE TARGET ON MALAYSIA LAW	:	Tay & Partners 6 th Floor, Plaza See Hoy Chan Jalan Raja Chulan 50200 Kuala Lumpur, Malaysia
LEGAL ADVISER TO THE TARGET ON THAILAND LAW	:	Bangkok Global Law Offices Limited 540, Unit 1705, 17 th Floor, Mercury Tower Ploenchit Road, Lumpini Sub-district Pathumwan District, Bangkok 10330, Thailand
THAILAND LEGAL CONSULTANTS	:	R&T Asia (Thailand) Limited 973 President Tower 12 th Floor Units 12A – 12F Ploenchit Road Lumpini Pathunwan District, Bangkok 10330, Thailand
LEGAL ADVISER TO THE TARGET ON INDONESIA LAW	:	Christian Teo & Partners District B, Treasury Tower Floor 15-B Sudirman Central Business District Jl. Jend. Sudirman Kav. 52-53 Jakarta 12190, Indonesia
INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE PROPOSED ALLOTMENT AND ISSUANCE OF SETTLEMENT SHARES	:	RHT Capital Pte. Ltd. 6 Raffles Quay #24-02 Singapore 048580

CORPORATE INFORMATION

INDEPENDENT BUSINESS VALUER	:	Duff & Phelps Singapore Pte. Ltd. Ocean Financial Centre 10 Collyer Quay, #05-04/05 Singapore 049315
INTRODUCER TO THE TARGET	:	Bullrunn Pte. Ltd. 60 Paya Lebar Road #09-25 Paya Lebar Square Singapore 409051
FINANCIAL ADVISER TO THE TARGET	:	Evolve Capital Advisory Private Limited 138 Robinson Road #13-02, Oxley Tower Singapore 068906
PRINCIPAL BANKERS OF THE COMPANY	:	Standard Chartered Bank 8 Marina Boulevard, #27-01 Marina Bay Financial Centre Tower 1 Singapore 018982 United Overseas Bank Limited 80 Raffles Place UOB Plaza 1 Singapore 048624
PRINCIPAL BANKERS OF THE TARGET	:	Standard Chartered Bank 8 Marina Boulevard, #27-01 Marina Bay Financial Centre Tower 1 Singapore 018982 Maybank Singapore Limited Bedok Business Centre Blk 210 New Upper Changi Road, #01-699 Singapore 460210

DEFINITIONS

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

COMPANIES, ORGANISATIONS, PERSONS AND OTHER ENTITIES

“ACRA”	:	Accounting and Corporate Regulatory Authority
“Authority” or “MAS”	:	The Monetary Authority of Singapore
“Board”	:	The Board of Directors of the Company, from time to time
“CAT”	:	Colibri Assembly (Thailand) Co., Ltd.
“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	The Central Provident Fund
“Company”	:	Artivision Technologies Ltd.
“Directors”	:	Directors of the Company, from time to time
“Dr. Lillian Koh”	:	Dr. Lillian Koh Noi Keng
“Enlarged Group”	:	The enlarged group of companies comprising the Company and the Target Group on Completion, and the term “ Enlarged Group Company ” shall be construed accordingly
“Executive Director and Chief Executive Officer”	:	Mr. Anthony Koh, the executive Director and Chief Executive Officer of the Company upon Completion
“Existing Directors”	:	The existing Directors of the Company as at the Latest Practicable Date, comprising Mr. Ng Weng Sui Harry and Mr. Kesavan Nair
“Financial Adviser” or “Sponsor” or “Sponsor and Financial Adviser” or “ZICO Capital”	:	ZICO Capital Pte. Ltd.
“Founders”	:	Mr. Anthony Koh and Mr. Kim
“Group”	:	The Company and its subsidiaries, and the term “ Group Company ” shall be construed accordingly
“IFA”	:	RHT Capital Pte. Ltd.
“Independent Business Valuer”	:	Duff & Phelps Singapore Pte. Ltd.
“Independent Directors”	:	The independent Directors of the Company from time to time
“Introducer”	:	Bullrunn Pte. Ltd.
“Introducer Concert Party Group”	:	Mr. Ng Cheo Beng, Mr. Tan Kwee Hock and Mr. Ng Cheong Kiat
“Mr. Anthony Koh”	:	Mr. Koh Beng Kiok Anthony
“Mr. Ching”	:	Mr. Ching Chiat Kwong

DEFINITIONS

“Mr. Kim”	:	Mr. Kim Moon Soo
“Ms. Madeline Sam”	:	Ms. Sam Choy Meng
“Non-Executive Directors”	:	The non-executive Directors of the Company from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SIC”	:	Securities Industry Council
“Seah Family”	:	Mr. Seah Poh Hui, Ms. Seah Pei Pei and Ms. Seah Ying Ying
“Share Registrar”	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte . Ltd.)
“Target” or “Target Company”	:	Mobile Credit Payment Pte. Ltd.
“Target Bondholders”	:	The holders of convertible bonds issued by the Target on 1 December 2017, 23 May 2018 and 29 June 2018 which have not been converted into issued ordinary shares of the Target as at Completion
“Target Directors”	:	The directors of the Target as at the date of this Circular
“Target Group”	:	The Target and its subsidiaries, and the term “ Target Group Company ” shall be construed accordingly
“Target Shareholders”	:	The Vendors who are holders of issued ordinary shares of the Target as at Completion, excluding the Founders and the Introducer
“Tay Family”	:	Mr. Tay Ling Tat and Ms. Ng Hwee Hwee
“Vendors”	:	The Founders, the Target Shareholders and the Introducer
GENERAL		
“1H”	:	The six-month financial period ended 30 June
“2014 Amendment Act”	:	The Companies (Amendment) Act 2014 of Singapore which was passed in Parliament on 8 October 2014 and took effect in two phases on 1 July 2015 and 3 January 2016, respectively
“2017 Amendment Act”	:	The Companies (Amendment) Act 2017 of Singapore which was passed in Parliament on 10 March 2017 and took effect in various phases on 31 March 2017, 23 May 2017, 11 October 2017 and 31 August 2018
“5 April Announcement”	:	The SGXNET announcement made by the Company on 5 April 2018 regarding the receipt of approval from the SGX-ST in relation to the Company’s application for (a) a waiver from compliance with Rule 1017(1)(a) of the Catalist Rules and (b) the continued trading of the Company’s Shares on the Catalist after the Company becomes a cash company pursuant to Rule 1017 of the Catalist Rules
“Act” or “Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as may be amended, modified, supplemented or revised from time to time

DEFINITIONS

“Additional Consideration”	:	S\$9,300,000, taking into consideration the proceeds of S\$11,000,000 from the issuance of the Series D Convertible Bonds by the Target less the (i) redemption of Series D Convertible Bonds of S\$200,000 prior to Completion, and (ii) intended redemption of Series D Convertible Bonds of S\$1,500,000 post-Completion
“Amended and Restated Sale and Purchase Agreement”	:	The amended and restated sale and purchase agreement dated 11 September 2019 entered into between the Company, the Vendors and the Target (as amended and supplemented by the Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement)
“Amendment Acts”	:	Collectively, the 2014 Amendment Act and the 2017 Amendment Act
“Artimedia Disposal”	:	The disposal by the Company of its entire interest in Artimedia Pte. Ltd., together with its subsidiary and joint venture companies in August 2017
“Artivision Technologies Employee Share Award Scheme 2015”	:	The existing share award scheme of the Company adopted at an extraordinary general meeting of the Company on 29 July 2015
“Artivision Technologies Employee Share Option Plan 2007”	:	The employee share option plan of the Company adopted at an extraordinary general meeting of the Company on 21 October 2007 which has since expired as of 21 October 2017
“Associate”	:	As defined in the Catalist Rules: (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 or his immediate family (whether directly or indirectly) have an interest of 30.0% or more; and (b) in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of 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 30.0% or more
“Audit Committee”	:	The audit committee of the Company as at the Latest Practicable Date
“Auditors”	:	The external auditors of the Company from time to time
“Award”	:	A contingent award of ordinary shares in the capital of the Company granted under Rule 5 of the MCP Performance Share Plan

DEFINITIONS

“Award Date”	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5 of the MCP Performance Share Plan
“Award Letter”	:	A letter in such form as the Remuneration Committee shall approve confirming an Award granted to a Participant by the Remuneration Committee
“Award Shares”	:	The ordinary shares of the Company which may be transferred, or new shares of the Company which may be allotted and issued, from time to time pursuant to the Vesting of an Award, which may be granted under the MCP Performance Share Plan
“Base Consideration”	:	S\$73,505,780, being S\$80,000,000 less S\$6,494,220 pursuant to the Series C Settlement Agreement
“Business Day”	:	A day on which banks are open for business in Singapore (other than Saturdays, Sundays and days which are gazetted as public holidays)
“Catalist”	:	The Catalist board of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST’s Listing Manual Section B: Rules of Catalist, as may be amended, modified, supplemented or revised from time to time
“Circuit Breaker Measures”	:	An elevated set of safe distancing measures which were implemented pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 during the Circuit Breaker Period
“Circuit Breaker Period”	:	7 April 2020 to 1 June 2020
“Circular”	:	This circular to Shareholders dated 31 December 2020 including all its appendices attached hereto
“Code”	:	The Singapore Code on Take-Overs and Mergers
“Companies Regulations”	:	The Companies Regulations (Rg 1, 1990 Ed) of Singapore
“Company Bonds”	:	All of the outstanding bonds issued by the Company as at Completion
“Company Options”	:	All of the outstanding options issued by the Company as at Completion
“Completion”	:	The completion of the Proposed Acquisition in accordance with the terms and conditions set out in the Amended and Restated Sale and Purchase Agreement
“Completion Date”	:	The date not later than fourteen (14) Business Days after all the conditions have been fulfilled or waived in accordance with the terms of the Amended and Restated Sale and Purchase Agreement
“Consideration Shares”	:	157,725,296 new ordinary Consolidated Shares to be allotted and issued at the Issue Price in satisfaction of the Total Consideration
“Consolidated Shares”	:	The Shares after completion of the Proposed Share Consolidation

DEFINITIONS

“Consolidation Books Closure Date”	:	The time and date to be determined by the Board after consultation with the Sponsor for compliance with the relevant Catalist Rules, at and on which the Register of Members and share transfer books of the Company will be closed to determine the entitlements of Consolidated Shares of Shareholders pursuant to the Proposed Share Consolidation
“Controlling Shareholder(s)”	:	As defined in the Catalist Rules, a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all the voting shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company
“Convertibles Requirement”	:	Has the meaning ascribed to it in Section 5.1 of this Circular
“Date of Grant”	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5 of the MCP Performance Share Plan
“DCES”	:	Digital commerce enabling solutions
“Direct Model”	:	Has the meaning ascribed to it in paragraph 19.1 of Appendix A to this Circular
“EGM”	:	The extraordinary general meeting of the Company to be convened and held by electronic means on 22 January 2021 at 10.30 a.m., notice of which is set out in the Notice of EGM
“Effective Trading Date”	:	The date on which the Consolidated Shares will trade on the SGX-ST in board lots of 100 Consolidated Shares
“Enlarged Share Capital”	:	The issued and paid-up share capital of the Company comprising 264,355,137 Consolidated Shares, after the allotment and issue of the Consideration Shares, the Settlement Shares, the Mr. Ching Placement Undertaking Shares (on a post-Proposed Share Consolidation basis), the ZICO Shares and the Target Employees Incentive Shares but prior to the Proposed Placement
“EPS”	:	Earnings per share
“Existing Constitution”	:	Has the meaning ascribed to it in Section 15.2 of this Circular
“Existing Share Capital”	:	The issued share capital of the Company as at the Latest Practicable Date of S\$71,777,253 comprising 1,797,792,986 Shares
“FBA”	:	The Foreign Business Act of Thailand, as may be amended, modified, supplemented or revised from time to time
“FinTech”	:	Financial technology
“FRS”	:	Financial Reporting Standards
“FY”	:	Financial year ended or ending 31 December

DEFINITIONS

“Incentivised Target Employees”	:	Recipients of the Target Employees Incentive Shares
“IFA Letter”	:	Has the meaning ascribed to it in Section 5.4 of this Circular
“Independent Valuation”	:	An independent valuation commissioned by the Company on the Target Group prior to Completion
“Introducer Fee”	:	The fee of S\$2,400,000 payable to the Introducer by the Vendors in connection with the Proposed Acquisition and shall be satisfied by the issuance of 61,491 Target Shares prior to Completion
“Introducer Target Shares”	:	The Target Shares to be issued by the Target to the Introducer in satisfaction of the Introducer Fee
“Issue Price”	:	The issue price of S\$0.525 for each Consideration Share, ZICO Share and Target Employees Incentive Share
“LPS”	:	Loss per share
“Latest Practicable Date”	:	17 December 2020, being the latest practicable date prior to the lodgement of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Value”	:	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
“MPI”	:	Major payment institution
“MPS”	:	Merchant payment services
“Mr. Ching Placement Undertaking”	:	Has the meaning ascribed to it in Section 6.1 of this Circular
“Mr. Ching Placement Undertaking Shares”	:	Has the meaning ascribed to it in Section 6.1 of this Circular
“New Audit Committee”	:	The new audit committee of the Company upon Completion
“New Business”	:	A new business which is able to satisfy the requirements of the SGX-ST for a new listing under Rule 1017(2) of the Catalist Rules
“New Constitution”	:	Has the meaning ascribed to it in Section 15.2 of this Circular
“New Nominating Committee”	:	The new nominating committee of the Company upon Completion
“New Remuneration Committee”	:	The new remuneration committee of the Company upon Completion
“New Share Certificates”	:	Has the meaning ascribed to it in Section 4.4.2(a) of this Circular
“Notice of EGM”	:	The notice of the EGM set out on pages N-1 to N-8 of this Circular

DEFINITIONS

“NTA”	:	Net tangible assets
“NTL”	:	Net tangible liabilities
“Old Share Certificates”	:	Has the meaning ascribed to it in Section 4.4.2(a) of this Circular
“Option”	:	A share option to subscribe for new ordinary shares of the Company granted pursuant to the MCP Employee Share Option Scheme
“Option Shares”	:	The ordinary shares of the Company which may be transferred, or new shares of the Company which may be allotted and issued, from time to time pursuant to the exercise of the Option, which may be granted under the MCP Employee Share Option Scheme
“Ordinary Resolutions”	:	Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 as set out in the Notice of EGM and “ Ordinary Resolution ” shall mean any one of them
“Participant”	:	The holder of an Award or Option (including, where applicable, the executor or personal representative of such holder) (as the case may be)
“PDPA”	:	Personal Data Protection Act 2012
“Performance Condition”	:	In relation to an Award, the condition specified on the Award Date in relation to that Award
“Performance Period”	:	In relation to an Award, a period, the duration of which is to be determined by the Remuneration Committee of the Company on the Award Date, during which the Performance Condition(s) is (are) to be satisfied
“Period Under Review”	:	The periods comprising FY2017, FY2018, FY2019 and 1H2020
“Placement Shares”	:	Up to 16,000,000 new ordinary Consolidated Shares to be allotted and issued pursuant to the Proposed Placement
“Placement Undertaking Price”	:	The issue price of S\$0.00963 for each Mr. Ching Placement Undertaking Share
“Plan” or “MCP Performance Share Plan”	:	The MCP Performance Share Plan, as modified or altered from time to time
“POS”	:	Point-of-sale
“Proposed Acquisition”	:	The proposed acquisition by the Company of all the ordinary shares in and convertible bonds issued by the Target in accordance with the terms and conditions set out in the Amended and Restated Sale and Purchase Agreement
“Proposed Adoption of the MCP Employee Share Option Scheme”	:	The proposed adoption of the MCP Employee Share Option Scheme
“Proposed Adoption of the MCP Performance Share Plan”	:	The proposed adoption of the MCP Performance Share Plan

DEFINITIONS

“Proposed Adoption of the New Constitution”	:	The proposed adoption of the New Constitution, which will replace the Existing Constitution of the Company entirely
“Proposed Allotment and Issuance of Consideration Shares”	:	The proposed allotment and issuance of the Consideration Shares to the Vendors and/or their nominee(s) at the Issue Price
“Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares”	:	The proposed allotment and issuance of the Mr. Ching Placement Undertaking Shares to Mr. Ching at the Placement Undertaking Price
“Proposed Allotment and Issuance of Settlement Shares”	:	The proposed allotment and issuance of the Settlement Shares to Mr. Ching and/or his nominee(s) at the Settlement Shares Issue Price, as an interested person transaction
“Proposed Allotment and Issuance of Target Employees Incentive Shares”	:	The proposed allotment and issuance of the Target Employees Incentive Shares to the Incentivised Target Employees at the Issue Price
“Proposed Allotment and Issuance of ZICO Shares”	:	The proposed allotment and issuance of the ZICO Shares to ZICO Capital and/or its nominee(s) at the Issue Price
“Proposed Board of Directors”	:	The board of directors of the Company upon Completion, comprising the Existing Directors and the Proposed New Directors, and each a “Proposed Director”
“Proposed Placement”	:	The proposed allotment and issuance of the Placement Shares after Completion
“Proposed Change of Name”	:	The proposed change of name of the Company from “Artivision Technologies Ltd.” to “MC Payment Limited”
“Proposed Independent Directors”	:	The proposed non-executive independent directors of the Company upon Completion being Mr. Albert Cheok Saychuan, Mr. Kesavan Nair and Dr. Lillian Koh
“Proposed Executive Officer”	:	The proposed new executive officer of the Company upon Completion being Ms. Madeline Sam
“Proposed New Directors”	:	The proposed new directors to be appointed to the board of directors of the Company upon Completion, being Mr. Anthony Koh, Mr. Kim, Mr. Albert Cheok Saychuan, Dr. Lillian Koh and Mr. Shawn Ching Wei Hung
“Proposed Share Consolidation”	:	The proposed consolidation of every fifty (50) existing Shares at the Consolidation Books Closure Date into one (1) Consolidated Share, details of which are set out in Section 4 of this Circular
“Proposed Termination of the Artivision Technologies Employee Share Award Scheme 2015”	:	The proposed termination of the Artivision Technologies Employee Share Award Scheme 2015

DEFINITIONS

“Proposed Transactions”	:	The Proposed Acquisition, the Proposed Share Consolidation, the Proposed Allotment and Issuance of Consideration Shares, the Proposed Allotment and Issuance of Settlement Shares, the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares, the Proposed Allotment and Issuance of ZICO Shares, the Proposed Allotment and Issuance of Target Employees Incentive Shares and the Proposed Placement
“PS Act”	:	The Payment Services Act 2019 (Act 2 of 2019) of Singapore, as may be amended, modified, supplemented or revised from time to time
“Register of Members”	:	The register of members of the Company
“Released Award”	:	An Award which has been released in full or in part in accordance with Rule 7 of the MCP Performance Share Plan
“Remsea”	:	Remsea Pte. Ltd.
“Remsea Services”	:	Has the meaning ascribed to it in Section 23 of this Circular
“Rule 1015 Waiver”	:	Has the meaning ascribed to it in Section 17 of this Circular
“SaaS”	:	Software-as-a-service
“Sale and Purchase Agreement”	:	The sale and purchase agreement dated 27 April 2018 between the Company, the Vendors (excluding the Introducer) and the Target, which had been superseded by the Amended and Restated Sale and Purchase Agreement
“Sale Bonds”	:	100% of the issued and outstanding convertible bonds, comprising Series D Convertible Bonds, issued by the Target
“Sale Shares”	:	100% of the issued ordinary shares of the Target
“Second Supplemental Agreement”	:	The second supplemental agreement dated 25 September 2020 between the parties to the Amended and Restated Sale and Purchase Agreement to further extend the long-stop date, details of which are set out in Section 1.1 of this Circular
“Series C Settlement Agreement”	:	The settlement agreement entered into by the Target and the holders of the Series C convertible bonds issued by the Target to redeem the Series C convertible bonds in full
“Series D Convertible Bonds”	:	The Series D convertible bonds issued by the Target
“Service Agreements”	:	The service agreements to be entered into by each of Mr. Anthony Koh and Mr. Kim with the Company
“Settlement Agreement”	:	The settlement agreement entered into by the Company and Mr. Ching on 12 September 2019 in order to fulfil the Convertibles Requirement
“Settlement Shares”	:	64,516,129 new Consolidated Shares to be allotted and issued at the Settlement Shares Issue Price in satisfaction of the Settlement Sum

DEFINITIONS

“Settlement Shares Issue Price”	:	S\$0.155 per Settlement Share
“Settlement Sum”	:	The settlement sum of S\$10.0 million to be paid by the Company to Mr. Ching pursuant to the Settlement Agreement
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified, supplemented or revised from time to time
“SGXNET”	:	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
“Shareholders”	:	Registered holders of ordinary shares in the capital of the Company, except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such shares mean the Depositors whose securities accounts maintained with CDP are credited with such shares
“Shares”	:	Ordinary shares in the capital of the Company
“Special Resolutions”	:	Special Resolutions 1 and 2 as set out in the Notice of EGM and “Special Resolution” shall mean any one of them
“Sponsor Equity Fee”	:	S\$1,239,000, being part of the Sponsor’s fees for its services, which will be satisfied by the allotment and issuance of the ZICO Shares
“Substantial Shareholder”	:	A person who has an interest in the ordinary share(s) of the Company, and the total votes attached thereto are not less than 5.0% of the total votes attached to all the voting shares of the Company
“Supplemental Agreement”	:	The supplemental agreement dated 31 January 2020 between the parties to the Amended and Restated Sale and Purchase Agreement to extend the long-stop date, details of which are set out in Section 1.1 of this Circular
“Target Employees Incentive Shares”	:	The 445,520 new Consolidated Shares to be issued to the Incentivised Target Employees as an incentive payment to recognise their contributions to the Target Group
“Target Shares”	:	Ordinary shares in the issued capital of the Target
“Third Supplemental Agreement”	:	The third supplemental agreement dated 30 December 2020 between the parties to the Amended and Restated Sale and Purchase Agreement to further extend the long-stop date, details of which are set out in Section 1.1 of this Circular
“Total Consideration”	:	The consideration for the Proposed Acquisition of S\$82,805,780, being the sum of the Base Consideration and Additional Consideration
“Valuation Letter”	:	The valuation letter prepared by the Independent Business Valuer in respect of the Independent Valuation, as set out in Appendix F of this Circular

DEFINITIONS

“Valuation Report”	:	The full valuation report prepared by the Independent Business Valuer in respect of the Independent Valuation
“Vesting”	:	In relation to ordinary shares of the Company which are the subject of a Released Award, the absolute entitlement to all or some of the shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	:	In relation to ordinary shares of the Company which are the subject of a Released Award, the date as determined by the Remuneration Committee and notified to the relevant Participant on which those shares are to be Vested pursuant to Rule 7 of the MCP Performance Share Plan
“Waiver and Application Confirmation”	:	Has the meaning ascribed to it in Section 3.2 of this Circular
“ZICO Shares”	:	2,360,000 new Consolidated Shares to be allotted and issued in satisfaction of the Sponsor Equity Fee

Currencies, Units and Others

“EUR”	:	Euro
“IDR”	:	Indonesian rupiah
“JPY”	:	Japanese yen
“MYR”	:	Malaysian ringgit
“sq ft”	:	Square feet
“THB”	:	Thai baht
“USD”	:	United States dollars
“\$”, “S\$”, “SGD” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA. The terms “**subsidiary**” and “**related company**” shall have the meanings ascribed to them in Sections 5 and 6 respectively of the Companies Act.

The terms “**associate**” and “**associated company**” shall have the meanings ascribed to them respectively in the Catalist Rules.

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 enactment is a reference to that 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 modification thereof and used in this Circular shall have the same meaning assigned to it thereunder, as the case may be, unless otherwise provided.

DEFINITIONS

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in tables included herein (if any) between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

The information on the website of the Company or the Target or any website directly or indirectly linked to such websites does not form part of this Circular and should not be relied upon.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Circular, press releases and oral statements that may be made by the Company, the Target Group, the Proposed Board of Directors, or each of the Directors, executive officers or employees acting on behalf of the Company and/or the Target Group that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words that are biased or by forward-looking terms such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company’s, the Group’s, the Target’s, the Target Group’s and the Enlarged Group’s expected financial position, business strategies, plans and prospects and the future prospects of the Enlarged Group’s industry are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) revenue and profitability;
- (b) expected growth or decline in demand and business volume;
- (c) expected industry trends and development;
- (d) anticipated expansion and development plans and other future plans;
- (e) anticipated commencement and completion date for projects; and
- (f) other matters discussed in this Circular regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors are discussed in greater detail in Section 21 of this Circular.

Given the risks and uncertainties that may cause the Company’s, the Group’s, the Target’s, the Target Group’s and/or the Enlarged Group’s actual future results, performance or achievements to be materially different from those expected, expressed or implied by forward-looking statements in this Circular, press releases and oral statements that may be made by them, undue reliance must not be placed on those statements which apply only as at the date of this Circular.

None of the Company, the Group, the Target, the Target Group, the Enlarged Group, the Sponsor and Financial Adviser or any other person represents or warrants that the Company’s, the Group’s, the Target’s, the Target Group’s or the Enlarged Group’s actual future results, performance or achievements will be as discussed in those statements. Further, the Company, the Group, the Target, the Target Group, the Enlarged Group and the Sponsor and Financial Adviser disclaim any responsibility, and undertake no obligation to update or revise any forward-looking statements to reflect any change in the Company’s, the Group’s, the Target’s, the Target Group’s or the Enlarged Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which any such statements were based subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

Upon completion of the Proposed Acquisition, the Enlarged Group will be subject to the provisions of the Catalist Rules regarding corporate disclosure.

INDICATIVE TIMETABLE

The following indicative timetable assumes that approval for all resolutions proposed at the EGM is obtained.

Indicative Date and Time	Event
20 January 2021, 10.30 a.m.	Last Date and Time for Lodgement of Proxy Form
22 January 2021, 10.30 a.m.	Date and Time of EGM
2 February 2021	Expected Consolidation Books Closure Date
3 February 2021	Expected effective date for Proposed Share Consolidation
5 February 2021	Expected Completion of Proposed Acquisition

Save for the date of the EGM, the dates set out in the above timetable are indicative and may be subject to change. Where any of the events cannot take place on the dates specified, an appropriate announcement stipulating an alternative date will be made by the Company prior thereto through SGXNET.

Please refer to future announcement(s) by the Company on the SGXNET for the exact dates and times of these events to be posted on the SGX-ST's website at <http://www.sgx.com>.

LETTER TO SHAREHOLDERS

ARTIVISION TECHNOLOGIES LTD.

(Company Registration No.200407031R)
(Incorporated in the Republic of Singapore)

Directors

Mr. Ng Weng Sui Harry (Non-Executive Chairman and Independent Director)
Mr. Kesavan Nair (Non-Executive Independent Director)

Registered Office

10 Ubi Crescent
#05-05
Ubi Techpark
Singapore 408564

31 December 2020

To: The Shareholders

Dear Sir/Madam

- (1) **THE PROPOSED ACQUISITION OF ALL THE ORDINARY SHARES AND CONVERTIBLE BONDS ISSUED BY MOBILE CREDIT PAYMENT PTE. LTD. FOR AN AGGREGATE CONSIDERATION OF S\$82,805,780;**
- (2) **THE PROPOSED SHARE CONSOLIDATION OF EVERY FIFTY (50) ORDINARY SHARES INTO ONE (1) CONSOLIDATED SHARE;**
- (3) **THE PROPOSED ALLOTMENT AND ISSUANCE OF 157,725,296 CONSIDERATION SHARES AT AN ISSUE PRICE OF S\$0.525 EACH TO THE VENDORS IN SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION;**
- (4) **THE PROPOSED ALLOTMENT AND ISSUANCE OF 64,516,129 SETTLEMENT SHARES TO MR. CHING CHIAT KWONG AS AN INTERESTED PERSON TRANSACTION IN CONNECTION WITH THE PROPOSED ACQUISITION;**
- (5) **THE PROPOSED ALLOTMENT AND ISSUANCE OF 62,305,295 MR. CHING PLACEMENT UNDERTAKING SHARES (ON A PRE-PROPOSED SHARE CONSOLIDATION BASIS) TO MR. CHING CHIAT KWONG;**
- (6) **THE PROPOSED ALLOTMENT AND ISSUANCE OF 2,360,000 ZICO SHARES TO THE SPONSOR AND FINANCIAL ADVISER IN CONNECTION WITH THE PROPOSED ACQUISITION;**
- (7) **THE PROPOSED ALLOTMENT AND ISSUANCE OF 445,520 TARGET EMPLOYEES INCENTIVE SHARES TO INCENTIVISED TARGET EMPLOYEES IN CONNECTION WITH THE PROPOSED ACQUISITION;**
- (8) **THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 16,000,000 PLACEMENT SHARES;**
- (9) **THE PROPOSED TERMINATION OF THE ARTIVISION TECHNOLOGIES EMPLOYEE SHARE AWARD SCHEME 2015;**
- (10) **THE PROPOSED ADOPTION OF THE “MCP PERFORMANCE SHARE PLAN” AND “MCP EMPLOYEE SHARE OPTION SCHEME”;**
- (11) **THE APPOINTMENT OF THE PROPOSED NEW DIRECTORS TO THE COMPANY UPON COMPLETION OF THE PROPOSED ACQUISITION;**

LETTER TO SHAREHOLDERS

- (12) THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM “ARTIVISION TECHNOLOGIES LTD.” TO “MC PAYMENT LIMITED”; AND
- (13) THE PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY.
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1. INTRODUCTION

1.1. Overview

The Company has been exploring business opportunities for the Group since the completion of the Artimedia Disposal in August 2017. The search for business opportunities became a priority with the Company's decision not to renew the exclusive agreement entered into by CAT, a wholly-owned subsidiary of the Company, with its only customer, as announced by the Company on 25 October 2017. With effect from 27 February 2018, CAT ceased its business and operations and the Company ceased to have any operating subsidiaries or businesses, thereby becoming a “cash company” as defined in Rule 1017 of the Catalist Rules.

An issuer's securities will typically be suspended when the issuer becomes a cash company under Rule 1017 of the Catalist Rules. However the SGX-ST has advised the Company that it has no objections to the continued trading of the Shares on the Catalist after the Company became a cash company, subject to the conditions set out in the 5 April Announcement, including, *inter alia*, the execution of an undertaking by Mr. Ching, the Controlling Shareholder of the Company, to provide adequate funds (if required) to the Group to enable it to continue operating as a going concern.

On 27 April 2018, the Company entered into the conditional Sale and Purchase Agreement with the Target and the Vendors (excluding the Introducer) in relation to the proposed acquisition by the Company of the Sale Shares and the Sale Bonds. The parties had subsequently entered into (i) the Amended and Restated Sale and Purchase Agreement on 11 September 2019, which superseded the Sale and Purchase Agreement, (ii) the Supplemental Agreement on 31 January 2020, wherein the long-stop date for the fulfilment of conditions precedent under the Amended and Restated Sale and Purchase Agreement was extended for eight (8) months from 31 January 2020 to 30 September 2020, (iii) the Second Supplemental Agreement on 25 September 2020, wherein the long-stop date for the fulfilment of conditions precedent under the Amended and Restated Sale and Purchase Agreement was extended for a further three (3) months from 30 September 2020 to 31 December 2020 and (iv) the Third Supplemental Agreement on 30 December 2020 wherein the long-stop date for the fulfilment of conditions precedent under the Amended and Restated Sale and Purchase Agreement was extended for a further two (2) months from 31 December 2020 to 28 February 2021.

The Proposed Acquisition constitutes a reverse takeover as set out under Rule 1015 of the Catalist Rules as the relative figures under Rules 1006(c) and 1006(d) of the Catalist Rules exceed 100% and the Proposed Acquisition on Completion will result in the change in control of the Company. The Company will be seeking the approval of Shareholders for the Proposed Transactions to be undertaken in connection with the Proposed Acquisition at the EGM.

1.2. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information on, to explain the rationale for, and to seek Shareholders' approval for the Proposed Transactions, the Proposed Termination of the Artivision Technologies Employee Share Award Scheme 2015, the Proposed Adoption of the MCP Employee Share Option Scheme, the Proposed Adoption of the MCP Performance Share Plan, the appointment of the Proposed New Directors, the Proposed Change of Name and the Proposed Adoption of the New Constitution at the EGM.

LETTER TO SHAREHOLDERS

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched by the Company) or for any other purpose.

1.3. Inter-conditional of the Resolutions

Shareholders should note that:

- (i) the approval of each of Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 is contingent upon the passing of each of the other Ordinary Resolutions; and
- (ii) the approval of each of Special Resolutions 1 and 2 is contingent upon the passing of each of the Ordinary Resolutions and the other Special Resolution.

This means that:

- (a) if any of the Ordinary Resolutions is not approved, all the Ordinary Resolutions would not be duly passed; and
- (b) If any of the Ordinary Resolutions or either of the Special Resolutions is not approved, all the Special Resolutions would not be duly passed.

The Ordinary Resolutions and Special Resolutions are inter-conditional as the subject matter of Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7, 8, 12, 13, 14, 15, and 16 and Special Resolution 1 are in connection with the undertaking of the Proposed Acquisition and Ordinary Resolutions 9, 10 and 11 and Special Resolution 2 will facilitate the corporate governance and conduct of business of the Enlarged Group immediately following Completion.

2. SUBMISSION TO THE SGX-ST

On 23 November 2020, the Sponsor had submitted the pre-admission notification to the SGX-ST. A copy of this Circular has been lodged by the Sponsor with the SGX-ST, acting as agent on behalf of the Authority, on 31 December 2020 for posting on the SGX-ST website.

Pursuant to Appendix 4F of the Catalist Rules, the SGX-ST is expected to issue a listing and quotation notice in respect of the Consolidated Shares, Consideration Shares, Settlement Shares, Mr. Ching Placement Undertaking Shares, ZICO Shares, Target Employees Incentive Shares, Placement Shares, Award Shares which may be issued from time to time pursuant to the MCP Performance Share Plan and Option Shares which may be issued from time to time pursuant to the MCP Employee Share Option Scheme, upon lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority. In any event, no Shares or units of Shares, as the case may be, shall be allotted on the basis of this Circular later than six (6) months after the date of lodgment of the Circular with the SGX-ST, acting as agent on behalf of the Authority.

It should be noted that the listing and quotation notice to be issued by the SGX-ST is not to be taken as an indication of the merits of the Proposed Transactions, the Proposed Termination of the Artivision Technologies Employee Share Award Scheme 2015, the Proposed Adoption of the MCP Employee Share Option Scheme, the Proposed Adoption of the MCP Performance Share Plan, the appointment of the Proposed New Directors, the Proposed Change of Name, the Proposed Adoption of the New Constitution, the Company, the Group, the Target, the Target Group, the Enlarged Group, the Shares, the Consolidated Shares, the Consideration Shares, the Settlement Shares, the Mr. Ching Placement Undertaking Shares, the Target Employees Incentive Shares, the ZICO Shares, the Placement Shares, the Award Shares and the Option Shares.

LETTER TO SHAREHOLDERS

3. THE PROPOSED ACQUISITION

3.1 Background

On 2 May 2018, the Directors announced that the Company had on 27 April 2018 entered into the Sale and Purchase Agreement with the Target and the Vendors (excluding the Introducer) for the Proposed Acquisition. The parties had subsequently entered into the Amended and Restated Sale and Purchase Agreement on 11 September 2019 which superseded the Sale and Purchase Agreement.

The Proposed Acquisition constitutes a “reverse takeover” under Rule 1015 of the Catalist Rules as the relative figures under Rules 1006(c) and 1006(d) exceed 100.0% and there will be a change in control of the Company upon Completion. Accordingly, the Proposed Acquisition is subject to the approval of Shareholders at the EGM, the notice of which is set out on pages N-1 to N-8 of this Circular.

3.2 Rationale for the Proposed Acquisition

The Company has been exploring business opportunities for the Group since the Artimedia Disposal. The search for business opportunities became a priority with the Company’s decision not to renew the exclusive agreement entered into by CAT, a wholly-owned subsidiary of the Company, with its only customer, as announced by the Company on 25 October 2017. With effect from 27 February 2018, CAT ceased its business and operations and the Company ceased to have any operating subsidiaries or businesses, thereby becoming a “cash company” as defined in Rule 1017 of the Catalist Rules.

An issuer’s securities will typically be suspended when the issuer becomes a cash company under Rule 1017 of the Catalist Rules. However the SGX-ST has advised the Company that it has no objections to the continued trading of the Shares on the Catalist after the Company became a cash company, subject to the conditions set out in the 5 April Announcement, including, *inter alia*, the execution of an undertaking by Mr. Ching to provide adequate funds (if required) to the Group to enable it to continue operating as a going concern. The SGX-ST has further reserved the right to suspend trading of the Company’s securities as it deems fit should the Company fail to comply with Rule 1017(1) of the Catalist Rules, and to amend or vary the letter from the SGX-ST dated 5 April 2018 wherein it has advised that it has no objections to (a) a waiver from compliance with Rule 1017(1)(a) of the Catalist Rules which requires the Company to place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the disposal(s) undertaken by the Company) in an escrow account of the Company opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the Authority; and (b) the continued trading of the Shares on the Catalist board of the SGX-ST after the Company becomes a cash company pursuant to Rule 1017 of the Catalist Rules (“**Waiver and Application Confirmation**”) as it deems fit. The Waiver and Application Confirmation is subject to changes in the SGX-ST’s policies.

Since becoming a cash company, the Company had 12 months from 27 February 2018 to secure a New Business under Rule 1017(2) of the Catalist Rules, or it will be required to delist from Catalist. The Company had:

- (i) on 15 April 2019 announced that it had applied for and the SGX-ST had on 12 April 2019 granted a 6-month extension from 1 March 2019 to 31 August 2019;
- (ii) on 8 October 2019 announced that a second extension was sought and the SGX-ST had on 4 October 2019 granted the extension of deadline from 31 August 2019 to 29 February 2020;
- (iii) on 9 March 2020 announced that it had sought a third extension and the SGX-ST had on 6 March 2020 granted the extension of deadline from 29 February 2020 to 31 August 2020; and

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- (iv) on 26 August 2020 announced that it had sought a fourth extension and the SGX-ST had on 2 September 2020 granted the extension of deadline from 31 August 2020 to 28 February 2021,

for the Company to satisfy the requirements under Rule 1017(2) of the Catalist Rules.

The Proposed Acquisition is an opportunity for the Company to acquire a New Business, thus meeting the requirements under Rule 1017 of the Catalist Rules and enhancing value for Shareholders. The Board believes that the Target Group is well positioned to capitalise on Singapore's recent push towards cashless payments, and that there is strong and increasing demand for such e-payment systems offered by the Target Group in the Asia Pacific region given that Southeast Asia possesses many of the key characteristics that fuelled the take-off and rapid evolution of digital payments in China: high digital penetration and digital engagement, extensive friction between consumers and commercial banks, investments by start-ups and digital platforms, a steady expansion of e-payment use cases, and strong government push¹. The Board is of the view that the market for payment solutions in Singapore remains largely fragmented and offers opportunities for consolidation as Singapore moves to simplify and integrate the industry.

Upon Completion, the Target will become a wholly-owned subsidiary of the Company, and the business of the Company will be that of the Target Group. The Board thus believes that the Proposed Acquisition is beneficial to the Company and its Shareholders, as it will position the Company to meet the requirements under Rule 1017 of the Catalist Rules and enable Shareholders to participate in businesses that have potential for significant growth as the Southeast Asia region's spending on e-commerce is expected to continue to achieve double-digit growth in the coming decade². The Board also believes that the Proposed Acquisition will have the potential to increase the market capitalisation and widen the investor base of the Company, thereby enabling the Company to attract more extensive analyst coverage and increase investors' interest in the Shares.

3.3 Information relating to the Vendors

As at the date of this Circular, the Target has in issue:

- (i) 2,230,867 ordinary shares; and
- (ii) Series D Convertible Bonds in aggregate principal amount of S\$1,500,000.

The outstanding Series D Convertible Bonds of S\$1.5 million are held by Mr. Low See Ching. Mr. Low See Ching had, on 28 June 2019, entered into a preferential addendum to the convertible bond agreement with the Target to extend the maturity date of the Series D Convertible Bonds held by him to 30 June 2021. Mr. Low See Ching had indicated his intention to elect to redeem his Series D Convertible Bonds post-Completion. Hence, the outstanding Series D Convertible Bonds held by Mr Low See Ching will not be acquired by the Company.

1 This information was extracted from a report published by Boston Consulting Group ("BCG") published in May 2020. BCG has not provided consent, for the purposes of Section 249 of the SFA, to the inclusion of the above information in this Circular and is therefore not liable for such information under Sections 253 and 253 of the SFA.

2 This information was extracted from a media release entitled "Digital payments and e-commerce booming in South and South-East Asia" published by The Business Times on 22 December 2020, which can be accessed at: <https://www.businesstimes.com.sg/asean-business/digital-payments-and-e-commerce-booming-in-south-and-south-east-asia>, data accessed on 26 December 2020. The Business Times has not provided consent, for the purposes of Section 249 of the SFA, to the inclusion of the above information in this Circular and is therefore not liable for such information under Sections 253 and 254 of the SFA.

While the Proposed Board of Directors and the Sponsor and Financial Adviser have taken reasonable actions to ensure that the above information has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly, none of the Proposed Board of Directors and the Sponsor and Financial Adviser or any other party has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

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As at the date of this Circular, the Vendors can be categorised into three (3) groups of equity holders of the Target as follows: (i) the Founders; (ii) the Target Shareholders; and (iii) the Introducer. The shareholding interests of the Vendors or Target Shareholders in this section are inclusive of Mr. Tee Wee Sien's existing Shares in the Company.

3.3.1 Founders of the Target

The co-founders and executive directors of the Target, Mr. Anthony Koh and Mr. Kim, are also the Chief Executive Officer and Chief Operating Officer of the Target Group respectively. Mr. Anthony Koh and Mr. Kim have extensive experience in the payment solutions industry, and following Completion, Mr. Anthony Koh shall be appointed as the Executive Director and Chief Executive Officer of the Company, while Mr. Kim shall be appointed as the Executive Director and Chief Operating Officer of the Company.

Upon Completion, Mr. Anthony Koh is expected to be interested in Shares representing 6.11% of the Enlarged Share Capital of the Company and Mr. Kim is expected to be interested in Shares representing 1.46% of the Enlarged Share Capital.

3.3.2 Target Shareholders

The Target Shareholders comprise individuals, companies and funds who have invested in the Target independently for their own financial interests pursuant to three (3) series of fund raising exercises conducted by the Target since its incorporation.

Upon Completion, the Target Shareholders are expected to be interested in Shares representing an aggregate of 51.72% of the Enlarged Share Capital.

3.3.3 Introducer

Mr. Anthony Koh and Mr. Kim had first approached the Introducer in respect of a fund raising exercise for the Target in 2014. Since then, the Introducer has introduced several Target Shareholders to the Target. Following the success of such fund raising efforts through the Introducer, the Introducer and the Target Company had on 8 November 2017 entered into a deed of commission, pursuant to which the Introducer introduced the Company to the Target Company as a reverse takeover prospect. The Introducer is a company incorporated in Singapore and is primarily engaged in the provision of consultancy services. The shareholders and directors of the Introducer are Mr. Ng Cheong Kiat and Mr. Tian Chen Chong who hold 66.67% and 33.33% of the issued and paid-up capital of the Introducer respectively. Mr. Ng Cheong Kiat was previously a non-executive director of the Target and has resigned from such role with effect from 17 January 2019. None of the directors and shareholders of the Introducer or their respective Associates is related to any of the Directors, Controlling Shareholder of the Company or their respective Associates.

In connection with the Proposed Acquisition, the Vendors shall pay an Introducer Fee of S\$2,400,000 to the Introducer, which shall be satisfied by the issuance of 61,491 Target Shares to the Introducer prior to Completion. The Introducer Target Shares shall form part of the Sale Shares at Completion and Consideration Shares would accordingly be issued to the Introducer on Completion. Upon Completion, the Introducer is expected to be interested in Shares representing 1.61% of the Enlarged Share Capital.

Upon Completion and completion of the Proposed Allotment and Issuance of Target Employees Incentive Shares (further details of which are set out in Section 8 of this Circular), the Vendors are expected to be interested in Shares representing an aggregate of 159,698,898 Consolidated Shares representing 60.90% of the Enlarged Share Capital.

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Pursuant to Rule 14.1 of the Code, except with the SIC's consent, where (i) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (ii) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights of a company and such person, or any person acting in concert with him, acquires additional shares carrying more than 1% of the voting rights of such company in any 6-month period, such person must extend offers immediately, on the basis set out in Rule 14.1 of the Code, to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. Persons "acting in concert" as defined under the Code comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Save as disclosed below, none of the Vendors are related to each other, or to the Directors and/or Substantial Shareholders of the Company.

3.3.3.1 The Seah Family

Mr. Seah Poh Hui, Ms. Seah Pei Pei and Ms. Seah Ying Ying are Target Shareholders. Mr. Seah Poh Hui is the father of Ms. Seah Pei Pei and Ms. Seah Ying Ying. Accordingly, the Seah Family is presumed under the Code to be parties acting in concert. Upon Completion, the Seah Family is expected to be interested in Shares representing an aggregate of 1.82% of the Enlarged Share Capital of the Company.

3.3.3.2 The Tay Family

Mr. Tay Ling Tat and Ms. Ng Hwee Hwee are Target Shareholders. Mr. Tay Ling Tat is the brother-in-law of Ms. Ng Hwee Hwee. In adhering with the spirit of the Code, the Tay Family is presumed to be parties acting in concert. Upon Completion, the Tay Family is expected to be interested in Shares representing an aggregate of 1.08% of the Enlarged Share Capital of the Company.

3.3.3.3 The Introducer Concert Party Group

Mr. Ng Cheo Beng and Mr. Tan Kwee Hock are Target Shareholders. Mr. Ng Cheo Beng is the brother of Mr. Ng Cheong Kiat (who is a controlling shareholder of the Introducer). Mr. Ng Cheong Kiat and Mr. Ng Cheo Beng are the nephews of Mr. Tan Kwee Hock. In adhering with the spirit of the Code, the Introducer Concert Party Group is presumed to be parties acting in concert. Upon Completion, the Introducer Concert Party Group is expected to be interested in Shares representing an aggregate of 2.31% of the Enlarged Share Capital of the Company.

An application had been made, seeking confirmation from the SIC that, *inter alia*, none of the Vendors and/or Mr. Ching would be required to make a mandatory takeover offer for the Shares not held by them under Rule 14.1 of the Code following Completion on the following bases:

- (i) the Vendors (other than each of the Seah Family, the Tay Family and the Introducer Concert Party Group) are not regarded as parties acting in concert under the Code; and

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- (ii) the Vendors (other than (i) members of the Seah Family as regards each other; (ii) members of the Tay Family as regards each other; and (iii) members of the Introducer Concert Party Group as regards each other) and Mr. Ching are not regarded as parties acting in concert under the Code.

As at the date of this Circular, SIC's response in respect of the foregoing application has yet to be received. Further announcements will be made by the Company when there are material developments in this regard. The confirmation or waiver from the SIC is one of the conditions precedent for Completion. If such confirmation or waiver from the SIC is not received (or any condition imposed by the SIC with respect thereto is not fulfilled) by 28 February 2021, being the date by which the Company has to have a new business which satisfies the requirements of the SGX-ST for a new listing under Rule 1017(2) of the Catalist Rules, the Proposed Acquisition will not be completed and the Company will then be subject to delisting from the Official List of the SGX-ST. Please refer to section entitled "Principal Terms of the Amended and Restated Sale and Purchase Agreement - Conditions Precedent" and "Risk Factors – Risk relating to Non-completion of the Proposed Acquisition" of this Circular for further details.

3.4 Information relating to the Target

The Target is a private company limited by shares incorporated in Singapore on 25 June 2005. The Target Group is a FinTech group that provides merchant payment services and digital commerce enabling solutions.

The directors of the Target are Mr. Choy Eun Sik, Mr. Toh Soon Huat, Mr. Kim and Mr. Anthony Koh.

Further information on the Target and the Enlarged Group is set out in Section 18 of this Circular.

3.5 Principal Terms of the Amended and Restated Sale and Purchase Agreement

3.5.1 Consideration

The Total Consideration for the Proposed Acquisition of the Sale Shares and Sale Bonds is the amount equal to the Base Consideration and the Additional Consideration, determined as at the Latest Practicable Date as follows:

- (i) **Base Consideration:** S\$80,000,000 less S\$6,494,220 in respect of Series C Convertible Bonds which have been fully redeemed in April 2018. Accordingly, the Base Consideration is approximately S\$73,505,780; and
- (ii) **Additional Consideration:** S\$9,300,000, taking into consideration the proceeds of S\$11,000,000 from the issuance of the Series D Convertible Bonds by the Target less the (i) redemption of Series D Convertible Bonds of S\$200,000 prior to Completion, and (ii) intended redemption of Series D Convertible Bonds of S\$1,500,000 post-Completion.

Accordingly, the Total Consideration has been determined to be S\$82,805,780.

The Total Consideration has been reduced accordingly pursuant to any redemption of the outstanding Series D Convertible Bonds as the Additional Consideration, which is based on the proceeds from the issuance of the Series D Convertible Bonds, has been reduced by any such redemption.

The Total Consideration was determined at arm's length on a willing-buyer willing-seller basis, taking into account and on the basis of the following:

- 3.5.1.1 the value of the Target Group to be expressed in the valuation letter in respect of the Independent Valuation being equivalent to or more than S\$80.0 million. A copy of the Valuation Letter is reproduced in Appendix F to this Circular;

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3.5.1.2 the Group at Completion not having any indebtedness, liabilities, duties and obligations, whether actual or contingent, direct or indirect, fixed or unfixed, known or unknown, asserted or unasserted, liquidated or unliquidated, secured or unsecured, save in connection with the process of striking off dormant subsidiary, Artisecurity Pte. Ltd., and liquidating Thai subsidiary, CAT; and

3.5.1.3 the business prospects, track record and competencies of the Target Group and the potential benefits arising from the Proposed Acquisition as detailed in Section 3.2 of this Circular.

3.5.2 Satisfaction of Consideration

The Total Consideration shall be satisfied in full by the allotment and issuance of 157,725,296 Consideration Shares to the Vendors in proportion to their respective holdings of the Sale Shares. The Consideration Shares will be allotted and issued as Consolidated Shares following completion of the Proposed Share Consolidation.

The Consideration Shares when issued, shall be credited as fully-paid, and shall rank *pari passu* in all respects with and carry all rights similar to the Company's existing Shares, and shall be subject to any moratorium as may be imposed under the Catalyst Rules and/or by the SGX-ST, the Sponsor or any other relevant governmental body or authority on the transfer of any of the Consideration Shares, as the case may be.

The allotment and issuance of the Consideration Shares is subject to, among other things, (i) the listing and quotation notice in respect of the Consideration Shares having been obtained from the SGX-ST, and where such listing and quotation notice is obtained subject to any conditions, such conditions being acceptable to the relevant parties; and (ii) the passing of the inter-conditional Ordinary Resolutions and Special Resolutions at the EGM.

3.5.3 Conditions Precedent

Completion shall also be subject to, amongst others, the following conditions:

3.5.3.1 the approval of the Directors, the Shareholders and the independent Shareholders, as the case may be, for the Proposed Acquisition and all the transactions contemplated in the Amended and Restated Sale and Purchase Agreement, including but not limited to:

3.5.3.1.1 the Proposed Share Consolidation;

3.5.3.1.2 the allotment and issuance of the Consideration Shares, the Settlement Shares and the Consolidated Shares in satisfaction of the Sponsor Equity Fee;

3.5.3.1.3 the entry into of the Settlement Agreement and the Proposed Allotment and Issuance of Settlement Shares (as amended or varied in accordance with the written consent of the parties to the Amended and Restated Sale and Purchase Agreement);

3.5.3.1.4 the resignation of existing Directors and the chief executive officer of the Company (save for such Directors as notified by the Target to the Company) and the appointment of new directors and the new chief executive officer nominated by the Target in their place; and

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- 3.5.3.1.5 if necessary, in respect of the independent Shareholders, to waive their rights to receive a mandatory general offer for all the Shares held by such independent Shareholders to be made by the Vendors and parties acting in concert with the Vendors pursuant to Rule 14 of the Code as a result of the allotment and issue of the Consideration Shares to the Vendors (the “**Whitewash Resolution**”);
- 3.5.3.2 the Proposed Share Consolidation being effective;
- 3.5.3.3 the receipt by the Company and the Target Group Companies of all applicable third party consents or waivers required in connection with the Proposed Acquisition and the transactions contemplated under the Amended and Restated Sale and Purchase Agreement, as the case may be, including in relation to the change of control of the Target Group Companies, respectively;
- 3.5.3.4 the Valuation Letter having been issued to the Company, in a form reasonably satisfactory to the Company, and expressing the value of the Target Group to be equivalent to or more than S\$80.0 million. For the avoidance of doubt, in the event that the Independent Valuation is expressed in a range of values, the Independent Valuation must include a value of S\$80.0 million or more;
- 3.5.3.5 the completion of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Company and/or its appointed advisers on the Target Group and the results of such due diligence being satisfactory in the reasonable opinion of the Company;
- 3.5.3.6 there being no event, circumstance, effect, occurrence or state of affairs or any combination of them which is, or is reasonably likely to be, materially adverse to the business, operations or financial condition of the Group or the Target Group, as the case may be, taken as a whole, or events, acts or omissions likely to lead to any event, circumstance, effect, occurrence or state of affairs or any combination of them which is, or is reasonably likely to be, materially adverse to the respective businesses, operations, assets, financial condition, turnover or prospects of the Group or the Target Group, as the case may be;
- 3.5.3.7 (i) the receipt of a waiver from the SIC in favour of the Vendors and parties acting in concert with them in respect of their obligation to make a mandatory general offer of the Company under Rule 14 of the Code arising from or in connection with all transactions contemplated under the Amended and Restated Sale and Purchase Agreement, and where such waiver is granted subject to any conditions, such conditions being acceptable to the Vendors; or (ii) the receipt of a ruling from the SIC that the Vendors are not parties acting in concert for the purposes of the Code;
- 3.5.3.8 the execution of an undertaking from Mr. Ching (a Controlling Shareholder as at the Latest Practicable Date) to, if applicable, vote in favour of the Shareholders’ resolution in connection with the Proposed Acquisition, the Proposed Share Consolidation, the issue and allotment of the Consideration Shares and the Consolidated Shares in satisfaction of the Sponsor Equity Fee, the appointment of new directors nominated by the Target and if necessary, the Whitewash Resolution prior to Completion;
- 3.5.3.9 the Company continuing to remain listed on Catalist from the date of the Amended and Restated Sale and Purchase Agreement until Completion; and for this purpose shall, if necessary, obtain the approval of the SGX-ST for an extension, in addition to the 12-month period commencing on the date the Company became a cash company to meet the requirements for the new listing in accordance with Rule 1017(2) of the Catalist Rules;

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- 3.5.3.10 trading of the Shares on the SGX-ST shall not be suspended for longer than three (3) consecutive Business Days (which for the avoidance of doubt, shall not include any trading halts or suspensions of shares on the SGX-ST made at the request of the Company); and
- 3.5.3.11 all necessary corporate and regulatory approvals, consents and waivers required to complete the Amended and Restated Sale and Purchase Agreement and all transactions contemplated under the Amended and Restated Sale and Purchase Agreement, including those of the Sponsor and the SGX-ST, and including the receipt of listing and quotation notice in respect of the Consolidated Shares, the Consideration Shares, the Settlement Shares and the Consolidated Shares in satisfaction of the Sponsor Equity Fee on Catalist, having been obtained. If such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any party, such conditions being acceptable to the party concerned, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion.

In the event the conditions precedent to Completion set out in the Amended and Restated Sale and Purchase Agreement are not satisfied by 31 January 2020 (or such other date as the parties may agree), the provisions of the Amended and Restated Sale and Purchase Agreement (save for certain provisions relating to, amongst others, confidentiality, costs and expenses, and governing law and dispute resolution) shall cease and terminate, and no party shall have any claim against the other parties, save in respect of any antecedent breach of the Amended and Restated Sale and Purchase Agreement or any other rights or liabilities which may have accrued prior to such termination or which are expressed to survive such termination. Pursuant to the announcements made by the Company on 31 January 2020, the parties to the Amended and Restated Sale and Purchase Agreement had mutually agreed to extend the long stop date for the satisfaction of the conditions precedent from 31 January 2020 to 30 September 2020. On 25 September 2020, the parties entered into the Second Supplemental Agreement to further extend the long-stop date for the fulfilment of conditions precedent under the Amended and Restated Sale and Purchase Agreement for three (3) months from 30 September 2020 to 31 December 2020. On 30 December 2020, the parties entered into the Third Supplemental Agreement to further extend such long-stop date to 28 February 2021.

The Company had on 9 March 2020 and 2 September 2020 announced that it had received confirmation that the SGX-ST had no objection to the Company's application for a further 6-month extension of time from 29 February 2020 to 31 August 2020 and subsequently from 31 August 2020 to 28 February 2021 to complete the Proposed Acquisition and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules. The details on the extension of time to complete the Proposed Acquisition had been announced by the Company in its announcements of 27 February 2020, 9 March 2020 and 2 September 2020.

As at the date of this Circular, save for the conditions precedent set out in sub-sections 3.5.3.3, 3.5.3.4, 3.5.3.5 and 3.5.3.8 above, the conditions precedent are pending satisfaction and are expected to be fulfilled (or waived, as the case may be) by Completion. The Company will make an immediate announcement on SGXNET for any waiver(s) granted in respect of any of the conditions precedent, including the bases for such waiver(s).

3.6 Independent Valuation

Duff & Phelps Singapore Pte. Ltd was appointed by the Directors of Company as the Independent Business Valuer to perform an independent valuation of the Target and the Sale Shares as at 30 June 2020 for the purposes of the Proposed Acquisition and to comply with Rule 1015 of the Catalist Rules.

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The Independent Business Valuer has estimated the Market Value of the Target to range between S\$73.1 million and S\$83.9 million as at 30 June 2020. The discounted cash flow method (a form of the income approach) was used by the Independent Business Valuer as the primary approach to arrive at the Market Value of the Target, and the market approach was used as a cross-check to the value conclusion.

The Independent Business Valuer has evaluated the suitability and appropriateness of each approach and adopted the Income Approach as the primary approach, and used the Market Approach as a cross-check to its value conclusion.

Given that the Target Group is projected to achieve operating break-even going forward and will be in a high growth phase over the next few years, a discounted cash flow method is deemed to be a more appropriate methodology to assess the value of the Target, as it is premised on the expected receipt of the future cash flows generated by the Target Group, and incorporates the perceived level of risk (that includes a significant company specific risk of early stage) associated with the Target Group's business.

Using a market approach would be limited on account of:

- (a) finding closely comparable publicly listed companies with similar size, profitability and in a similar stage of development; and
- (b) assessing the sustainable level of earnings and revenue base for the Target Group to apply the guideline comparable market multiples as the Target Group is still in a high growth stage and early stage of development.

The Valuation Letter is set out in Appendix F to this Circular.

3.7 Reverse Takeover under Chapter 10 of the Catalyst Rules

The relative figures of the Proposed Acquisition computed on the bases of Rule 1006 of the Catalyst Rules are as follows:

Basis in Rule 1006 of the Catalyst Rules	Relative percentage (%)
(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as the Company will not be disposing of any assets pursuant to the Proposed Acquisition.
(b) The net profits attributable to the Target Group, compared with the Group's net profits ⁽¹⁾	Not meaningful ⁽²⁾
(c) The Total Consideration, compared with the Company's market capitalisation of approximately S\$9.0 million ⁽⁴⁾	1,038.0 ⁽³⁾
(d) The aggregate number of Consideration Shares issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	494.3 ⁽⁵⁾
(e) The 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 and gas company.

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Notes:

- (1) "Net profit" or "net loss" means profit or loss before income tax, non-controlling interests and extraordinary items.
- (2) As both the Target Group and the Group recorded net losses for the three months ended 31 March 2019 and the three months ended 30 June 2019, respectively, the relative figure under Rule 1006(b) is not meaningful.
- (3) Based on the maximum possible Total Consideration of approximately S\$93.3 million. Based on the finalised Total Consideration of approximately S\$82.8 million, the relative figure under Rule 1006(c) would have been 921.2%. The Company has taken a conservative approach and adopted the maximum possible Total Consideration of approximately S\$93.3 million for purposes of Catalist Rule 1006, instead of computing the consideration based on the market value of the Shares of approximately S\$44.4 million under Rule 1003(3).
- (4) The Company's market capitalisation is determined by multiplying the number of Shares in issue (being 1,797,792,986 Shares (excluding treasury shares)) by the volume weighted average price of the Shares (being S\$0.005) transacted on 10 September 2019 (being the last Market Day on which Shares were traded preceding the date of the Amended and Restated Sale and Purchase Agreement).
- (5) Based on the assumption as at 10 September 2019 (being the last Market Day on which Shares were traded preceding the date of the Amended and Restated Sale and Purchase Agreement) that the allotment and issue of 8,886,264,803 Shares (on a pre-Proposed Share Consolidation basis) for payment of the maximum Total Consideration of approximately S\$93.3 million has taken place. Based on the finalised number of Consideration Shares to be allotted and issued in connection with the Proposed Acquisition of 7,886,264,761 Shares (on a pre-Proposed Share Consolidation basis), the relative figure under Rule 1006(d) would have been 438.7%.

As the relative figures under Rules 1006(c) and (d) above exceed 100%, and the Proposed Acquisition will result in a change in control of the Company, the Proposed Acquisition constitutes a reverse takeover pursuant to Rule 1015 of the Catalist Rules. Accordingly, the Proposed Acquisition is subject to the approval of the Shareholders and the issue of a listing and quotation notice by the SGX-ST.

4. THE PROPOSED SHARE CONSOLIDATION

4.1 The Proposed Share Consolidation

In connection with the Proposed Acquisition and to comply with the minimum issue price set out under Rule 1015(3)(c) of the Catalist Rules, the Company proposes to undertake the Proposed Share Consolidation pursuant to which the Company will consolidate every fifty (50) existing Shares into one (1) Consolidated Share. As at the Latest Practicable Date, the Company's issued and paid-up share capital comprises 1,797,792,986 Shares. Following the Completion, the Company will have an issued and paid-up share capital comprising 262,248,909 Consolidated Shares.

Shareholders should note that although the trading price per Consolidated Share should theoretically be proportionately higher than the trading price per Share prior to the Proposed Share Consolidation, there can be no assurance that the Proposed Share Consolidation will achieve the desired results nor is there assurance that such results (if achieved) can be sustained in the longer term.

4.2 Conditions of the Proposed Share Consolidation

The implementation of the Proposed Share Consolidation is subject to Shareholders' approval by way of an Ordinary Resolution at the EGM. An announcement will be made by the Company to notify the Shareholders of the Consolidation Books Closure Date, and the Effective Trading Date.

Shareholders should note that under the Amended and Restated Sale and Purchase Agreement, Shareholders' approval for the Proposed Share Consolidation and the Proposed Share Consolidation being effective are two of the conditions precedent to Completion. If Shareholders' approval of the Proposed Share Consolidation is not obtained and/or the Proposed Share Consolidation is not undertaken, Completion will not take place.

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4.3 Effect of the Proposed Share Consolidation

After the Proposed Share Consolidation, each Consolidated Share shall rank *pari passu* in all respects with each other and the Consolidated Shares will continue to trade in board lots of 100 Shares on the SGX-ST. Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation can trade in odd lots of the Consolidated Shares on the SGX-ST Unit Share Market.

4.4 Administrative Procedures

4.4.1 General

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the existing Shares as at the Consolidation Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional Consolidated Shares arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Affected Shareholders will not be paid for any fractional Consolidated Shares which are disregarded.

The Proposed Share Consolidation will not involve any diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the EGM, Shareholders' holding of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Consolidation Books Closure Date.

Shareholders who hold less than fifty (50) existing Shares as at the Consolidation Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional existing Shares so as to increase the number of existing Shares held to a multiple of fifty (50) existing Shares prior to the Consolidation Books Closure Date.

4.4.2 Updating Register of Members and Depository Register

If the Shareholders approve the Proposed Share Consolidation, the Register of Members of the Company and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders and Depositors based on their shareholdings in the Company as at the Consolidation Books Closure Date. Trading will be in board lots of 100 Consolidated Shares on the Effective Trading Date.

(a) Deposit of share certificates with CDP

If any Shareholder holds old physical share certificates for the existing Shares in his own name ("**Old Share Certificates**") and wishes to deposit the same with CDP and have his Consolidated Shares (after the Proposed Share Consolidation) credited to his Securities Account, he must deposit the Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, at least 12 Market Days before the Consolidation Books Closure Date.

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After the Consolidation Books Closure Date, CDP will only accept for deposit new share certificates for Consolidated Shares (“**New Share Certificates**”). If any Shareholder wishes to deposit his New Share Certificates with CDP after the Consolidation Books Closure Date, he must first deliver his Old Share Certificates to the Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at 80 Robinson Road, #11-02, Singapore 068898, for cancellation and issuance of replacement New Share Certificates as described below.

(b) Issue of new share certificates

If a Shareholder has deposited his Old Share Certificates with CDP at least 12 Market Days before the Consolidation Books Closure Date, he need not take any action. The Company will arrange with CDP to facilitate the exchange of the New Share Certificates.

If a Shareholder has not deposited at least 12 Market Days prior to the Consolidation Books Closure Date or does not wish to deposit his Old Share Certificates with CDP, he is advised to forward all such Old Share Certificates to the Share Registrar as soon as possible after he has been notified of the Consolidation Books Closure Date, and preferably not later than five (5) Market Days after the Consolidation Books Closure Date for cancellation and exchange for New Share Certificates. The Share Registrar will not issue a receipt for the Old Share Certificates received. The New Share Certificates will be sent by ordinary mail to the Shareholder’s registered address at his own risk within ten (10) Market Days from the Consolidation Books Closure Date or the date of receipt of the Old Share Certificates, whichever is the later.

The New Share Certificates will not be issued to the Shareholder unless his Old Share Certificates have been tendered to the Share Registrar for cancellation. A Shareholder is to notify the Share Registrar if he has lost any of his Old Share Certificates or if there is any change in his address from that reflected in the Register of Members.

Shareholders are reminded to deliver their Old Share Certificates to the Share Registrar or the CDP in accordance with the provisions set out above after the Company’s announcement of the Consolidation Books Closure Date.

Shareholders who hold physical share certificates are reminded that their Old Share Certificates will not be valid for settlement of trading in the Consolidated Shares on Catalist but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Registrar. The New Share Certificate will not be valid for delivery for trades done on Catalist although they will continue to be prima facie evidence of legal title.

4.5 **Trading Arrangements for the Consolidated Shares and Odd Lots**

4.5.1 Trading arrangements for the Consolidated Shares

Subject to Shareholders’ approval for the Proposed Share Consolidation, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Consolidated Shares will be in board lots of 100 Consolidated Shares.

4.5.2 Trading arrangements for odd lots

All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

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The existing Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of Shareholders may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade in odd lots on the SGX-ST should note that the SGX-ST Unit Share Market has been set up to allow trading in odd lots with a minimum size of one share on the SGX-ST. The SGX-ST Unit Share Market will enable trading in odd lots in any quantity less than one board lot of the underlying shares in the ready market.

5. THE PROPOSED ALLOTMENT AND ISSUANCE OF SETTLEMENT SHARES

5.1 Background to the Proposed Allotment and Issuance of the Settlement Shares

As a term of the Proposed Acquisition, the Company has agreed that the Group shall not have any bonds, options or any securities convertible into shares of the Company in issue as at Completion (the “**Convertibles Requirement**”). Accordingly, the Company had on 12 September 2019, entered into the Settlement Agreement with Mr. Ching pursuant to which Mr. Ching shall acquire all of the outstanding bonds (the “**Company Bonds**”) and options (the “**Company Options**”) issued by the Company for the Settlement Sum of S\$10.0 million as at Completion. The amount of outstanding Company Bonds (including accrued interests) as at the Latest Practicable Date is approximately S\$10.0 million. No Company Options will be acquired as all Company Options had expired on 4 April 2020.

The Settlement Sum shall be satisfied in full by the allotment and issuance of 64,516,129 Settlement Shares to Mr. Ching at the Settlement Shares Issue Price of S\$0.155 per Settlement Share.

The Settlement Sum and the Settlement Shares Issue Price were determined, taking into account the Convertibles Requirement, the financial support provided by Mr. Ching to the Group in the previous three financial years ended 31 March 2019, and the rationale for and the benefits of the Proposed Acquisition and the Settlement Agreement.

5.2 Rationale for the Proposed Allotment and Issuance of the Settlement Shares

The Settlement Agreement would enable the Company to fulfil the Convertibles Requirement under the terms of the Proposed Acquisition. It provides the Vendors with certainty that the Company would be relieved of substantial liabilities, as well as assurance of the support of a Controlling Shareholder who can bring additional value to the Enlarged Group. It is a demonstration of Mr. Ching’s confidence in the growth and prospects of the Target Group, and also ensures that his commercial interest will continue to be aligned with that of the Enlarged Group.

As the current executive chairman and chief executive officer of Mainboard-listed Oxley Holdings Limited, Mr. Ching is a veteran in the corporate arena with a keen ability to identify market trends and business opportunities.

Mr. Ching has also previously introduced investors to support the Target Group’s business. The Board believes that the Enlarged Group will be able to continue to leverage on Mr. Ching’s extensive network and business experience to create business and investment opportunities for the Target Group’s growing payment solutions business.

For the avoidance of doubt, no introducer fees have been or will be paid to Mr. Ching in respect of the aforementioned fund-raising activities of the Target Group.

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5.3 The Proposed Allotment and Issuance of the Settlement Shares as an Interested Person Transaction

Mr. Ching is a Controlling Shareholder with 395,068,911 Shares as at the Latest Practicable Date, representing an interest of approximately 22.0% in the Existing Share Capital. Accordingly, Mr. Ching is an “interested person” and the Proposed Allotment and Issuance of Settlement Shares will constitute an “interested person transaction” under Chapter 9 of the Catalist Rules.

The value of the Settlement Shares (being the amount at risk to the Company) is S\$10.0 million. Based on the Group’s latest audited financial statements for FY2019, the Group recorded audited NTL of approximately S\$7.8 million as at 31 March 2019. Pursuant to Rules 905 and 906 of the Catalist Rules, NTA is the benchmark to determine whether an interested person transaction requires an issuer to make an immediate announcement or to seek approval from shareholders. As the Group recorded NTL as at 31 March 2019, the materiality of the Proposed Allotment and Issuance of Settlement Shares as an interested person transaction cannot be meaningfully measured.

Nevertheless, the Company is seeking the approval of its independent Shareholders for the Proposed Allotment and Issuance of Settlement Shares, as an interested person transaction under Chapter 9 of the Catalist Rules at the EGM.

5.4 Opinion of the IFA

RHT Capital Pte. Ltd. (“**IFA**”) has been appointed as the independent financial adviser to the Existing Directors in respect of the Proposed Allotment and Issuance of Settlement Shares, as an interested person transaction. A copy of the IFA’s letter dated 31 December 2020 (“**IFA Letter**”) is set out in Appendix E to this Circular and Shareholders’ attention is drawn to it. Shareholders are advised to read and consider carefully the opinion and advice of the IFA and the recommendation of the Independent Directors.

The following is an extract from Section 6 of the IFA Letter and should be read by Shareholders in conjunction with, and in the full context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

“6. OUR OPINION

In arriving at our recommendation in respect of the Proposed Allotment and Issuance of Settlement Shares, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (i) *Rationale for the Proposed Allotment and Issuance of Settlement Shares;*
- (ii) *Financial assessment of the terms of the Proposed Allotment and Issuance of Settlement Shares:*

Historical trading performance of the Shares

- (a) *the Settlement Share Issue Price of S\$0.0031 represents a discount of 38.0% to the VWAP of the Shares of S\$0.0050 on 10 September 2019, being the last trading date prior to the Amended SPA Announcement Date;*
- (b) *the Settlement Share Issue Price of S\$0.0031 represents a discount of 39.2%, 47.5%, 45.6% and 49.2% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Amended SPA Announcement Date respectively;*

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- (c) *the Settlement Share Issue Price of S\$0.0031 represents a discount of 31.1% to the VWAP of the Shares of S\$0.0045 for the period between the market day immediately after the Amended SPA Announcement Date and up to the Last Unaffected Trading Day;*
- (d) *as at the Last Unaffected Trading Day, the Settlement Share Issue Price of S\$0.0031 represents a discount of 55.7% to the VWAP of the Shares of S\$0.007;*
- (e) *the Settlement Share Issue Price of S\$0.0031 represents a discount of 60.3% to the VWAP of the Shares of S\$0.0078 for the period between the market day immediately after the Amended SPA Announcement Date and up to the Latest Practicable Date;*
- (f) *as at the Latest Practicable Date, the Settlement Share Issue Price of S\$0.0031 represents a discount of 74.2% to the VWAP of the Shares of S\$0.0120;*
- (g) *during the period from 18 September 2018 and up to the Amended SPA Announcement Date, the Shares were traded on 108 market days or 43.4% of the total market days. The total number of Shares traded during this period was 130.8 million Shares with an average daily trading volume of 1.2 million Shares, representing 0.1% of the free float;*
- (h) *during the period after the Amended SPA Announcement Date and up to the Last Unaffected Trading Day, the Shares were traded on 153 market days or 51.3% of the total market days. The total number of Shares traded during this period was 467.3 million Shares with an average daily trading volume of 3.1 million Shares, representing 0.25% of the free float;*
- (i) *during the period after the Amended SPA Announcement Date and up to the Latest Practicable Date, the Shares were traded on 172 market days or 54.3% of the total market days. The total number of Shares traded during this period was 1,141.7 million Shares with an average daily trading volume of 6.6 million Shares, representing 0.55% of the free float;*

Financial performance and position of the Group

- (a) *the Company is deemed as a cash company pursuant to Rule 1017 of the Catalist Rules;*
- (b) *there was no revenue or gross profit reported by the Group for FY2020 and 6M2021 and the entity is loss making;*
- (c) *the Group recorded a net liability position of approximately S\$10.1 million as at 30 September 2020;*

NTL per Share of the Company

The Settlement Share Issue Price is at a premium above the NTL per Share of the Company as at 30 September 2020.

- (iii) *Convertibles Requirement of the Proposed Acquisition;*

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- (iv) *Track record of financial support provided by Mr Ching;*
- (v) *Moratorium of the Settlement Shares;*
- (vi) *Proposed Allotment and Issuance of Settlement Shares being the most appropriate option;*
 - (a) *since beginning its search for business opportunities in 2017, the Company had exhausted all means and is of the view that the Target is the only suitable and available company which could meet the SGX New Listing Requirement;*
 - (b) *having explored other fund-raising options to satisfy the Convertible Requirement, the Proposed Allotment and Issuance of Settlement Shares is the only available option and there are no other offers or proposals from any third party to acquire the Company Bonds and Company Options other than from Mr Ching;*
 - (c) *the terms of the Proposed Allotment and Issuance of Settlement Shares are the only acceptable terms which was arrived at following various rounds of negotiation between the Company and Mr Ching;*
- (vii) *Financial effects of the Proposed Allotment and Issuance of Settlement Shares;*
- (viii) *Other relevant considerations in relation to the Proposed Allotment and Issuance of Settlement Shares:*
 - (a) *Dilution impact of the Proposed Allotment and Issuance of Settlement Shares;*
 - (b) *Settlement Share Issue Price being lower than the issue price of the Proposed Acquisition and the Placement Price of the Mr Ching Placement;*
 - (c) *Inter-conditionality of the ordinary resolutions; and*
 - (d) *Abstention from voting.*

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Allotment and Issuance of Settlement Shares, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interest of the Company and its Independent Shareholders.

For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Proposed Acquisition and our opinion on the Proposed Allotment and Issuance of Settlement Shares is not meant to express a view or opinion on the Proposed Acquisition.

We also wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Allotment and Issuance of Settlement Shares, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Settlement Agreement, and we do not warrant the merits of the Proposed Allotment and Issuance of Settlement Shares.”

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5.5 **Statement from the Audit Committee**

The Audit Committee, comprising Mr. Ng Weng Sui Harry and Mr. Kesavan Nair, both of whom are considered independent for the purposes of considering the Proposed Allotment and Issuance of Settlement Shares, having reviewed, amongst others, the rationale for and the terms and benefits of the Settlement Agreement as well as the opinion of the IFA as set out in Appendix E to this Circular, is of the view that the Proposed Allotment and Issuance of Settlement Shares, as an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

6. **THE PROPOSED ALLOTMENT AND ISSUANCE OF MR. CHING PLACEMENT UNDERTAKING SHARES**

6.1 **Background to the Mr. Ching Placement Undertaking**

As a demonstration of Mr. Ching's confidence in the prospects of the Enlarged Group and to augment the Enlarged Group's financial position, Mr. Ching had on 2 March 2020 undertaken to either (i) invest or procure the investment of up to S\$4.0 million for the subscription of new Shares in the Company, or (ii) procure the full conversion of the Series D Convertible Bonds held by Mr Tee Wee Sien and Mr Low See Ching into shares of the Target, prior to the Completion, so that the Enlarged Group shall be in a positive equity position immediately after Completion, subject to his post-Completion shareholding in the Company being less than 30.0% ("**Mr. Ching Placement Undertaking**").

As at the Latest Practicable Date, Mr. Tee Wee Sien has converted his Series D Convertible Bonds amounting to approximately S\$3.4 million (inclusive of accrued interests) into 137,298 Target Shares, while Mr. Low See Ching has indicated his intention to elect to redeem his Series D Convertible Bonds after Completion. In view of the foregoing, Mr. Ching has on 23 December 2020 entered into a placement agreement with the Company, pursuant to which Mr. Ching has agreed to subscribe for 62,305,295 new Shares on a pre-Proposed Share Consolidation basis ("**Mr. Ching Placement Undertaking Shares**") at the Placement Undertaking Price, for an aggregate consideration of S\$0.6 million (being S\$4.0 million less S\$3.4 million), which Shares shall be allotted and issued prior to Completion. The Placement Undertaking Price represents a discount of 10.0% to the volume weighted average price of S\$0.0107 per Share for trades done on the SGX-ST on 23 December 2020, being the full market day on which the placement agreement was signed. The Mr. Ching Placement Undertaking Shares, when issued, will rank *pari passu* in all respects with the then existing Shares, save for any rights, benefits and entitlements the record date for which is before the date of allotment and issuance of the Mr. Ching Placement Undertaking Shares. The Mr. Ching Placement Undertaking Shares (on a post-Proposed Share Consolidation basis) will represent 0.48% of the Enlarged Share Capital upon Completion.

The Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares is intended to be made pursuant to the private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares.

6.2 **Rationale for the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares**

The Mr. Ching Placement Undertaking is given as a demonstration of Mr. Ching's confidence in the prospects of the Enlarged Group and to augment the Enlarged Group's financial position and is also intended for the Enlarged Group to raise capital and to strengthen its financial position in order to meet its anticipated general working capital requirements.

The Company did not appoint any placement agent in connection with the Mr. Ching Placement Undertaking and no commission, fee or other selling or promotional expenses is payable or incurred by the Company in connection with the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares, other than those incurred for administrative or professional services.

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6.3 Conditions

The Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares is subject to:

- (i) this Circular having been lodged with the SGX-ST by 31 December 2020;
- (ii) the Shareholders having approved the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares at the EGM as required under Rule 812 and Chapter 9 of the Catalist Rules; and
- (iii) the listing and quotation notice in respect of the Mr. Ching Placement Undertaking Shares having been obtained from the SGX-ST.

Completion of the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares and the listing and quotation of the Mr. Ching Placement Undertaking Shares are expected to take place prior to Completion.

Shareholders should note that the listing and quotation notice in respect of the Mr. Ching Placement Undertaking Shares granted by the SGX-ST is not to be taken as an indication of the merits of the Company, the Enlarged Group, the Shares and/or the Mr. Ching Placement Undertaking Shares.

6.4 Use of Proceeds

The Company expects to receive gross proceeds of S\$0.6 million from the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares. Please refer to section 10 of this Circular for details on the use of proceeds.

6.5 Rule 812 of the Catalist Rules

Pursuant to Rule 812 of the Catalist Rules, no Shares should be placed to, *inter alia*, Directors and Substantial Shareholders of the Company unless specific Shareholders' approval is obtained for such placement.

In view that Mr. Ching is a Controlling Shareholder of the Company, the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares is subject to Shareholders' approval at the EGM.

6.6 The Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares as an Interested Person Transaction

Mr. Ching is a Controlling Shareholder with 395,068,911 Shares as at the Latest Practicable Date, representing an interest of approximately 22.0% in the Existing Share Capital. Accordingly, Mr. Ching is an "interested person" and the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares will constitute an "interested person transaction" under Chapter 9 of the Catalist Rules.

The value of the Mr. Ching Placement Undertaking Shares (being the amount at risk to the Company) is S\$0.6 million. Based on the Group's latest audited financial statements for FY2019, the Group recorded audited NTL of approximately S\$7.8 million as at 31 March 2019. Pursuant to Rules 905 and 906 of the Catalist Rules, NTA is the benchmark to determine whether an interested person transaction requires an issuer to make an immediate announcement or to seek approval from shareholders. As the Group recorded NTL as at 31 March 2019, the materiality of the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares, as an interested person transaction, cannot be meaningfully measured.

Nevertheless, the Company is seeking the approval of its independent Shareholders for the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares, as an interested person transaction under Chapter 9 of the Catalist Rules at the EGM.

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6.7 Directors' Opinion and Statement from the Audit Committee

After taking into account (i) the net proceeds from the Mr. Ching Placement Undertaking, (ii) the Settlement Agreement pursuant to which the Convertibles Requirement will be fulfilled on Completion, (iii) the amount of approximately S\$1.0 million which is currently placed in an escrow account opened by the Company and (iv) the undertaking provided by Mr. Ching on 4 September 2020 to provide financial support to the Company for a period of 12 months from the date thereof, the Directors are of the view that the working capital of the Company is sufficient to meet its present requirements. For further details on the sufficiency of working capital of the Enlarged Group following Completion, please refer to the paragraph headed "Liquidity And Capital Resources" in Appendix A to this Circular.

Pursuant to Rule 921(4)(b)(i) of this Catalist Rules, the Audit Committee comprising Mr. Ng Weng Sui Harry and Mr. Kesavan Nair (both of whom are considered independent for the purposes of considering the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares), having considered, amongst others, (i) the rationale for and the terms and benefits of the Mr. Ching Placement Undertaking, (ii) the difficulties to raise funds under the uncertain market conditions in the midst of COVID-19, and (iii) the discount for the Placement Undertaking Price being generally in line with the discount for precedent placements of shares conducted by other listed companies in Singapore, is of the view that the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares, as an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its independent Shareholders.

7. THE PROPOSED ALLOTMENT AND ISSUANCE OF ZICO SHARES

Subject to Completion, as part of the Sponsor's fees for its services, the Company shall allot and issue 2,360,000 ZICO Shares at the Issue Price in respect of the Sponsor Equity Fee. The ZICO Shares will represent 0.9% of the Enlarged Share Capital.

8. THE PROPOSED ALLOTMENT AND ISSUANCE OF TARGET EMPLOYEES INCENTIVE SHARES

8.1 Summary

In consultation with the Target, the Company proposes to reward certain long-term employees of the Target Group, by issuing to them an aggregate of 445,520 Target Employees Incentive Shares at the Issue Price as follows:

	Number of Target Employees Incentive Shares
Mr. Anthony Koh	152,380
Mr. Kim	47,619
Ms. Madeline Sam	116,950
Other employees of the Target Group ⁽¹⁾	128,571
Total	445,520

Notes:

- (1) The category of "Others employees of the Target Group" comprises 14 Incentivised Target Employees, with each of them receiving no more than 20,000 Target Employees Incentive Shares. None of the 14 Incentivised Target Employees is related to any of the Proposed Directors, the Proposed Executive Officer, the Controlling Shareholder and/or their respective Associates.
- (2) All Target Employees Incentive Shares will be subject to a moratorium. Please refer to Section 18.5 of this Circular for further details.

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The 445,520 Target Employees Incentive Shares are being issued in compliance with the relevant rules in Chapter 8 of the Catalist Rules, and would represent approximately 0.17% of the Enlarged Share Capital. When issued, the Target Employees Incentive Shares will rank *pari passu* in all respects with the Consolidated Shares of the Company existing at the time of allotment and issuance of the Target Employees Incentive Shares with all rights, benefits and entitlements attached thereto as at such date.

8.2 **Rationale**

The Incentivised Target Employees have made significant contributions towards the growth and success of the Target Group, and the Target Employees Incentive Shares would be a form of reward for their contribution.

Mr. Anthony Koh and Mr. Kim are the Founders of the Target and also the Chief Executive Officer and Chief Operating Officer of the Target Group, respectively. They have extensive experience in the FinTech industry, and have been fundamental to the Target Group's growth and the regional expansion of its business operations. Upon Completion, Mr. Anthony Koh and Mr. Kim will be appointed as the Executive Directors of the Company.

The proposal for the Incentivised Target Employees to receive the Target Employees Incentive Shares was made by the Existing Directors, taking into consideration the following:

- (i) the service of the Incentivised Target Employees and the overall contribution made by them to the operations of the Target Group; and
- (ii) the nature and requirements of their jobs and their performance so far within the Target Group.

The Company also believes that allowing the Incentivised Target Employees to participate in the equity of the Company and accordingly aligning their interests with that of the Company would create incentives for better performance and encourage greater dedication and long-term commitment to the Enlarged Group.

For the reasons stated above, the Company proposes to allot and issue the Target Employees Incentive Shares to the Incentivised Target Employees.

Save for Mr. Anthony Koh and Mr. Kim, none of the Incentivised Target Employees were involved in the decision to issue the Target Employees Incentive Shares with respect to each of themselves.

8.3 **Conditions of Issuance**

The issue of the Target Employees Incentives Shares shall be conditional upon:

- (i) the Shareholders having approved the Proposed Allotment and Issuance of Target Employees Incentive Shares at the EGM;
- (ii) the listing and quotation notice in respect of the Target Employees Incentive Shares having been obtained from the SGX-ST;
- (iii) (if so required) all necessary consents or approvals being granted by third parties, bankers, financial institutions or governmental or regulatory authorities or competent authorities having jurisdiction over the allotment and issue of the Target Employees Incentive Shares being obtained by the Company;
- (iv) where any consent or approval required above is subject to any conditions, such conditions being reasonably acceptable to the Company;

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- (v) Completion; and
- (vi) an undertaking being provided by each of the Incentivised Target Employees not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire or otherwise dispose of any part of his shareholding interest (directly or indirectly) in the Company upon Completion (adjusted for any bonus issue, subdivision or consolidation), (a) (in respect of Mr. Anthony Koh, Mr. Kim and Ms. Madeline Sam) for a period of 12 months from the date on which the Consolidated Shares commence trading on Catalist, and (b) (in respect of the rest of the Incentivised Target Employees) for a period of six (6) months from the date on which the Consolidated Shares commence trading on Catalist, and 50% of such shareholding interests in the Company for the subsequent six (6) months.

Once the above conditions are satisfied, the Target Employees Incentive Shares shall be issued in full in one (1) tranche on the Completion Date. No additional factors or targets will be imposed on the Incentivised Target Employees in relation to the allotment and issuance of the Target Employees Incentive Shares and for the avoidance of doubt, the Target Employees Incentive Shares are separate and not issued under the MCP Performance Share Plan.

9. THE PROPOSED PLACEMENT

9.1 Proposed Placement

In order to raise funds for additional working capital for the Enlarged Group and the redemption of the outstanding Series D Convertible Bonds, the Company intends to undertake a Proposed Placement of up to 16,000,000 Consolidated Shares (the “**Placement Shares**”).

The issue price of the Placement Shares shall not be less than S\$0.20. In addition, Rule 811(1) of the Catalist Rules requires that an issue of shares must not be priced at more than a 10.0% discount to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed. Rule 811(3) provides that Rule 811(1) is not applicable if specific Shareholders’ approval is obtained for the issuance of shares at a greater discount.

In order for the Company to comply with the rules set out above and in view of the uncertain market conditions, the Company is seeking Shareholders’ approval for the Company to issue the Placement Shares at a discount to be determined by the Proposed Board of Directors based on, amongst others, the market conditions as well as the demand during the book-building process (in which case, the discount may be more than 10.0%), provided that such issue price shall not be less than S\$0.20.

The above approval from Shareholders is necessary to ensure smooth execution of the Proposed Placement.

The Company will not issue securities to transfer a controlling interest in the Company without prior approval of Shareholders at a general meeting.

Shareholders should note that the terms and timing of the Proposed Placement, if and when it occurs, would depend on various factors such as market conditions as well as the entry into an agreement on terms and conditions acceptable to the Company and the subscribers.

The Proposed Placement is subject to, *inter alia*, the following conditions being fulfilled:

- (i) Completion;
- (ii) approval by Shareholders of the allotment and issuance of the Placement Shares; and
- (iii) the listing and quotation notice in respect of the Placement Shares having been obtained from the SGX-ST.

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Shareholders should note that the listing and quotation notice in respect of the Placement Shares granted by the SGX-ST is not to be taken as an indication of the merits of the Company, the Enlarged Group, the Shares, and/or the Placement Shares.

The Placement Shares, when allotted and issued, will rank pari passu in all respects with the Consolidated Shares then in issue, save for any rights, benefits and entitlements the record date for which is before the date of issue of the Placement Shares.

9.2 Use of Proceeds

The Company expects to receive gross proceeds of up to approximately S\$8.4 million from the Proposed Placement.

Shareholders should note that the actual number of Placement Shares to be issued will depend on various factors such as market conditions, as well as potential subscribers' interest in the Consolidated Shares of the Company upon Completion, and there is no certainty or assurance that the Company will be able to place out all or any of the Placement Shares.

Please refer to section 10 of this Circular for details on the use of proceeds.

9.3 Further Information

The Company will make the necessary follow-up announcements as and when required and/or as and when material developments arise in respect of the Proposed Placement.

If applicable, a circular and/or an offer information statement will be issued in due course.

10. USE OF PROCEEDS FROM THE ALLOTMENT AND ISSUANCE OF MR. CHING PLACEMENT UNDERTAKING SHARES AND THE PROPOSED PLACEMENT

The total gross proceeds from the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares and the Proposed Placement are expected to be up to approximately S\$9.0 million, S\$1.4 million of which will be used to pay the outstanding expenses in connection with the Proposed Transactions (mainly fees payable to appointed professionals) as at the Latest Practicable Date, and the balance of S\$7.6 million will be used to redeem the outstanding Series D Convertible Bonds maturing in June 2021 and to fund the general working capital needs of the Enlarged Group.

For illustrative purposes only, the Enlarged Group intends to utilise the net proceeds from the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares and the Proposed Placement in the following manner:

Use of Proceeds	Estimated amount (S\$'000)	Estimated amount for each dollar of the total gross proceeds from the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares and the Proposed Placement (cents)
Redemption of convertible bonds	1,815	20.17
General working capital	5,822	64.69
Net proceeds	7,637	84.86
Outstanding expenses in connection with the Proposed Transactions	1,363	15.14
Gross proceeds	9,000	100.00

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For the avoidance of doubt, save as disclosed above, none of the net proceeds from the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares and the Proposed Placement will be used (i) directly or indirectly, to acquire or refinance the acquisition of another business or assets outside the ordinary course of business of the Enlarged Group and/or (ii) to discharge, reduce or retire the indebtedness of the Company and/or any Target Group Company.

The total expenses (payable in cash) in connection with the Proposed Transactions is estimated to be S\$2.6 million and comprise listing and processing fees of approximately S\$40,000 and professional fees and miscellaneous expenses of approximately S\$2.6 million.

Pending the aforesaid deployment, the funds will be placed in short-term deposits with financial institutions, invested in short-term money market instruments and/or marketable securities and/or debt instruments or used for any other purposes on a short-term basis as the Board may in its absolute discretion deem fit in the best interests of the Enlarged Group.

The Company will make periodic announcements as to the use of the proceeds from the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares and the Proposed Placement as and when such proceeds are materially disbursed, and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the proceeds in its interim and full year financial statements and its annual reports. The Company will also provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of the proceeds, the Company will announce the reason(s) for such deviation.

11. THE PROPOSED TERMINATION OF THE ARTIVISION TECHNOLOGIES EMPLOYEE SHARE AWARD SCHEME 2015

11.1 The Artivision Technologies Employee Share Award Scheme 2015

The Artivision Technologies Employee Share Award Scheme 2015 was adopted at an extraordinary general meeting of the Company held on 29 July 2015. Employees and non-executive directors of the Company and its subsidiaries are eligible to participate in the Artivision Technologies Employee Share Award Scheme 2015.

The Artivision Technologies Employee Share Award Scheme 2015 is for a maximum period of 10 years and will expire on 28 July 2025. Under the rules of the Artivision Technologies Employee Share Award Scheme 2015, the Artivision Technologies Employee Share Award Scheme 2015 may be terminated at any time at the discretion of the remuneration committee of the Company (or such other committee comprising directors of the Company duly authorised and appointed by the board to administer the Artivision Technologies Employee Share Award Scheme 2015), or by an ordinary resolution passed by Shareholders at a general meeting, subject to all other relevant approvals which may be required and if the Artivision Technologies Employee Share Award Scheme 2015 is so terminated, no additional awards of Shares will be granted by the Company under the Artivision Technologies Employee Share Award Scheme 2015.

The Company proposes to terminate the Artivision Technologies Employee Share Award Scheme 2015 and replace it with the MCP Performance Share Plan. Details of the MCP Performance Share Plan are set out in Section 12 of this Circular and Appendix G to this Circular. Unlike the Artivision Technologies Employee Share Award Scheme 2015, the MCP Performance Share Plan allows the participation of Group employees and directors (including non-executive and independent directors) who are Controlling Shareholders or their Associates.

11.2 Awards under the Artivision Technologies Employee Share Award Scheme 2015

Awards in respect of a total of 36,750,000 Shares and 9,750,000 Shares were granted in November 2015 and December 2015, respectively, under the Artivision Technologies Employee Share Award Scheme 2015, all of which were vested between November 2015 and January 2018. There are no longer any outstanding awards granted under the Artivision Technologies Employee Share Award Scheme 2015.

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Other than the rules of the Artivision Technologies Employee Share Award Scheme 2015, there were no material conditions to which the awards were subject.

11.3 Termination of the Artivision Technologies Employee Share Award Scheme 2015

Shareholders should note that the Proposed Termination of the Artivision Technologies Employee Share Award Scheme 2015 is subject to Shareholders' approval and is contingent upon the passing of each of the other Ordinary Resolutions. The Proposed Termination of the Artivision Technologies Employee Share Award Scheme 2015 will take effect on such Shareholders' approvals and no further awards of Shares will be granted under the Artivision Technologies Employee Share Award Scheme 2015 upon its termination.

12. THE PROPOSED ADOPTION OF THE "MCP PERFORMANCE SHARE PLAN" and the "MCP EMPLOYEE SHARE OPTION SCHEME"

12.1 Rationale for and benefits of the MCP Performance Share Plan and the MCP Employee Share Option Scheme

The purpose of adopting the MCP Performance Share Plan and the MCP Employee Share Option Scheme is to provide an opportunity for the Directors and employees of the Enlarged Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to their contributions and services. The MCP Performance Share Plan and the MCP Employee Share Option Scheme are proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Enlarged Group and to give recognition to outstanding employees and Directors of the Enlarged Group who have contributed to the growth of the Enlarged Group.

The Board believes that the MCP Performance Share Plan and the MCP Employee Share Option Scheme will be more effective than pure cash bonuses in motivating employees of the Enlarged Group to work towards pre-determined goals.

The objectives of the MCP Performance Share Plan and the MCP Employee Share Option Scheme are as follows:

- to motivate the Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Enlarged Group;
- to retain key executives and executive directors of the Enlarged Group whose contributions are essential to the long-term growth and profitability of the Enlarged Group;
- to instill loyalty to, and a stronger sense of identification by employees with the long-term prosperity of, the Enlarged Group;
- to attract potential employees with relevant skills to contribute to the Enlarged Group and to create value for Shareholders; and
- to align the interests of Participants with the interests of Shareholders.

The MCP Performance Share Plan will provide eligible Participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The MCP Performance Share Plan, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain Directors (including Independent Directors) and Group employees whose services are vital to the well-being and success of the Enlarged Group.

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The purpose of adopting more than one share plan is to give the Company more flexibility to design appropriate incentive packages. The MCP Employee Share Option Scheme and MCP Performance Share Plan will complement each other as tools to reward, retain and motivate the Participants whose services and contributions are vital to the well-being and success of the Group.

While the MCP Employee Share Option Scheme is designed to provide its Participants with an opportunity to participate in the equity of the Company through Options which they may exercise to subscribe for Shares upon payment of the Exercise Price, the MCP Performance Share Plan is designed to reward Participants by the award of Shares, through the Vesting of such Awards according to the extent to which the Performance Conditions (if any) imposed on the Award are achieved at the end of a specified Performance Period. The duration of each Performance Period (if applicable) will serve to align the Participants' performance goals with the corresponding performance cycle of the Company, and the strategies and objectives for the Group over the short to medium term.

The MCP Performance Share Plan thus seeks to focus Participants on short to medium term critical performance targets, to develop a reward-for-performance culture in the Enlarged Group, and to encourage Participants to continuously improve their performance. As the actual number of Award Shares which the Participant will receive under the MCP Performance Share Plan will depend ultimately on the extent to which he satisfies the Performance Condition(s) set for each Performance Period, this creates a strong incentive for the Participant to focus on assigned tasks and to excel.

Although the MCP Performance Share Plan and the MCP Employee Share Option Scheme are available to all employees of the Enlarged Group, it is contemplated that the MCP Performance Share Plan and the MCP Employee Share Option Scheme will be utilised to reward and motivate those holding middle to senior management positions (including Executive Directors and Non-Executive Directors) in the Enlarged Group, while the MCP Performance Share Plan will also target other employees of the Enlarged Group. The operation of both the MCP Performance Share Plan and the MCP Employee Share Option Scheme in tandem will thus allow the Enlarged Group to blend and package the Options and Awards as part of a comprehensive incentive and reward system.

When deciding on the number of Award Shares or Options to award or grant (as the case may be) to a Participant at any one point in time, the New Remuneration Committee will take into consideration the number of Award Shares or Options to be awarded or granted (as the case may be) to that Participant under any other share scheme at that time, if any.

12.2 **Proposed adoption of the MCP Performance Share Plan**

The Company proposes to adopt a performance share plan known as the "MCP Performance Share Plan" which will be subject to Shareholders' approval at the EGM. Capitalised terms used throughout this section, unless otherwise defined within this section, shall bear the meanings as defined in the "Rules of the MCP Performance Share Plan" as set out in Appendix G of this Circular.

The MCP Performance Share Plan contemplates the contingent award of fully-paid Shares after certain pre-determined benchmarks have been met.

Under the MCP Performance Share Plan, the size of the Award granted to a Participant will be determined based on, among others, his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Enlarged Group as determined by the New Remuneration Committee prior to the date of grant. The performance period is a forward-looking period for which performance conditions and targets are set and measured. The final Award is determined by the performance achievement over the performance period. The performance period, vesting period and other conditions will be determined by the New Remuneration Committee administering the MCP Performance Share Plan.

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Summary of the MCP Performance Share Plan

The rules of the MCP Performance Share Plan are set out in Appendix G of this Circular. A summary of the rules of the MCP Performance Share Plan is set out as follows:

12.2.1 Eligibility

The following persons shall be eligible to participate in the MCP Performance Share Plan at the absolute discretion of the New Remuneration Committee:

- (a) Selected Group Employees and Directors (including Non-Executive and Independent Directors) who have attained the age of 21 years and who hold such rank as may be designated by the New Remuneration Committee from time to time taking into consideration, among other things, role, seniority, length of service, performance history and potential contribution to the Enlarged Group; and
- (b) Controlling Shareholders and Associates of Controlling Shareholders who qualify under paragraph (a) above.

The selection of a Participant and the number of Shares which are the subject of each Award to be granted in accordance with the MCP Performance Share Plan shall be determined in the absolute discretion of the New Remuneration Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Enlarged Group and, if applicable, the extent of effort to achieve the performance target(s) within the performance period.

12.2.2 Grant of Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Shares which are allotted and issued or transferred to a Participant pursuant to the release of an Award shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the New Remuneration Committee.

12.2.3 Details of Awards

The New Remuneration Committee shall decide, in relation to each Award to be granted to a Participant:

- the date on which the Award is to be granted;
- the number of Shares which are subject of the Award;
- the performance condition(s) and the performance period during which such performance condition(s) are to be satisfied, if any;
- the extent to which Shares, which are the subject of that Award, shall be released on each prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;
- the vesting date of the Award; and
- any other condition which the New Remuneration Committee may determine in relation to that Award.

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12.2.4 Timing of Awards

An Award Letter confirming the Award and specifying, *inter alia*, the date for the grant of the Award, the number of Shares which are the subject of the Award, the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) are to be attained or fulfilled and the extent to which Shares which are the subject of the Award will be released on satisfaction of the prescribed performance condition(s), the vesting date of the Award and any other condition which the New Remuneration Committee may determine in relation to that Award, will be sent to each Participant as soon as reasonably practicable after the making of an Award.

12.2.5 Vesting of Awards

Subject to the applicable laws, the Company will deliver Shares to Participants upon vesting of their Awards by way of either (i) an issue of new Shares; or (ii) a transfer of Shares then held by the Company in treasury.

In determining whether to issue new Shares to Participants upon vesting of their Awards, the Company will take into account factors such as, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of issuing new Shares or delivering existing Shares.

The financial effects of the above methods are discussed below.

12.2.6 Events prior to vesting

- (a) An Award, to the extent not yet Released, shall immediately lapse and become void and cease to have effect on the occurrence of any of the following events:
- (i) in the event that an order is made for the winding-up of the Company on the basis of, or by reason of, its insolvency;
 - (ii) in the event of misconduct on the part of the Participant as determined by the New Remuneration Committee in its discretion; or
 - (iii) subject to Rule 6.2(b) of the MCP Performance Share Plan, a Participant, being an Employee, ceasing to be in the employment of the Company and/or the relevant Subsidiary for any reason whatsoever.

A Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date.

- (b) An Award to the extent not yet Released, may at the absolute discretion of the New Remuneration Committee be determined to lapse or be preserved, on the occurrence of any of the following events:
- (i) the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of an Award;
 - (ii) where the Participant ceases at any time to be in the employment of the Group, by reason of:
 - (A) ill health, injury or disability (in each case, evidenced to the satisfaction of the New Remuneration Committee);

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- (B) redundancy;
 - (C) retirement at or after the legal retirement age;
 - (D) retirement before the legal retirement age with the consent of the New Remuneration Committee;
 - (E) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Enlarged Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Enlarged Group;
 - (F) his transfer to any Ministry, governmental or statutory body or corporation at the direction of the Company; or
 - (G) any other event approved by the New Remuneration Committee;
- (iii) the death of a Participant; or
- (iv) any other event approved by the Remuneration Committee.

If the New Remuneration Committee determines that all or any part of an Award shall be preserved, then in determining the number of Shares to be preserved in respect of such Award, the New Remuneration Committee will have regard to all circumstances on a case-by-case basis, including the contributions made by that Participant and the extent to which the performance condition(s) (if any) has been satisfied.

- (c) If any of the following occurs:
- (i) a take-over offer for the Shares becomes or is declared unconditional;
 - (ii) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act; or
 - (iii) an order being made or a resolution passed for the winding-up of the Company,

the New Remuneration Committee may consider, at its discretion, whether or not to Release such Award. If the New Remuneration Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the New Remuneration Committee will have regard to the proportion of the Performance Period(s) which has elapsed and the extent to which the Performance Condition (if any) has been satisfied. If the New Remuneration Committee so determines, the Release may be satisfied by way of an allotment or transfer of Shares to the Participant as provided in Rule 7 of the MCP Performance Share Plan.

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12.2.7 **Size of the MCP Performance Share Plan**

The total number of Shares over which the New Remuneration Committee may grant new Awards on any date, when added to (a) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Awards already granted under the MCP Performance Share Plan; and (b) the total number of Shares issued and issuable and/or transferred or transferrable in respect of all options granted or awards granted under any other share option or share schemes of the Company (including the MCP Employee Share Option Scheme), shall not exceed 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the date preceding the date of the relevant new Award.

12.2.8 **Maximum entitlements**

Subject to the following, the aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the MCP Performance Share Plan shall be determined by the New Remuneration Committee:

- (a) the aggregate number of Shares which may be issued or transferred pursuant to Awards under the MCP Performance Share Plan to Participants who are Controlling Shareholders and/or Associates of Controlling Shareholders shall not exceed 25% of the Shares available under the MCP Performance Share Plan; and
- (b) the number of Shares which may be issued or transferred pursuant to Awards under the MCP Performance Share Plan to each Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under the MCP Performance Share Plan.

12.2.9 **Rights of Shares arising**

New Shares allotted and issued and existing Shares procured by the Company for transfer on the release of an Award shall (a) be subject to all the provisions of the Constitution of the Company; and (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the later of (i) the vesting date of the Award; and (ii) the date of issue of the Shares, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

12.2.10 **Duration of the MCP Performance Share Plan**

The MCP Performance Share Plan shall continue in force at the discretion of the New Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the MCP Performance Share Plan is adopted by the Company in general meeting, provided always that the MCP Performance Share Plan may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the MCP Performance Share Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

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12.2.11 Adjustment Events

If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the MCP Performance Share Plan,

may, at the option of the New Remuneration Committee, be adjusted in such manner as the New Remuneration Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

Unless the New Remuneration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued shares purchased or acquired by the Company by way of market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

Upon any adjustment being made, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

12.2.12 Abstention from voting

Shareholders who are eligible to participate in the MCP Performance Share Plan are to abstain from voting on any shareholders' resolution relating to the MCP Performance Share Plan and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

12.2.13 Annual Report

The Company will make such disclosures in its annual report for so long as the MCP Performance Share Plan continues in operation:

- (a) the names of the members of the New Remuneration Committee administering the MCP Performance Share Plan;
- (b) the information required in the table below for the following Participants:
 - (i) Participants who are Directors;
 - (ii) Participants who are Controlling Shareholders and Associates of Controlling Shareholder(s); and

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- (iii) Participants, other than those in (i) and (ii) above, who received 5.0% or more of the total number of Shares to be comprised in Awards available under the MCP Performance Share Plan;

Name of Participant	Aggregate number of Shares comprised in Awards granted during Financial Year under review (including terms)	Aggregate Number of Shares comprised in Awards granted since commencement of the MCP Performance Share Plan to end of Financial Year under review	Aggregate number of Shares comprised in Awards which have been issued and/or transferred pursuant to the Vesting of Awards since commencement of the MCP Performance Share Plan to end of Financial Year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the Financial Year under review

- (c) such other information as may be required by the Catalist Rules or the Act; and
- (d) an appropriate negative statement in the event the disclosure of any of the abovementioned information is not applicable.

12.3 Proposed adoption of the MCP Employee Share Option Scheme

The Company proposes to adopt an employee share option scheme known as the “MCP Employee Share Option Scheme” which will be subject to Shareholders’ approval at the EGM. Capitalised terms used throughout this section, unless otherwise defined within this section, shall bear the meanings as defined in the “Rules of the MCP Employee Share Option Scheme” as set out in Appendix H of this Circular.

The MCP Employee Share Option Scheme is proposed with the objective of, amongst others, aligning the interests of the Participants with the interests of the Shareholders, motivating Participants to achieve performance targets of the Company and offering a total compensation package sufficiently competitive to attract and retain talent to help achieve the Company’s corporate objectives.

Summary of the MCP Employee Share Option Scheme

The rules of the MCP Employee Share Option Scheme are set out in Appendix H of this Circular. A summary of the rules of the MCP Employee Share Option Scheme is set out as follows:

12.3.1 Eligibility

The following persons shall be eligible to participate in the MCP Performance Share Plan at the absolute discretion of the New Remuneration Committee:

- (a) Group employees who have attained the age of 21 years and hold such rank as maybe designated by the Committee from time to time and who have, as of the Date of Grant, been in full time employment of the Group for a period of at least 12 months (or in the case of any Group Executive Director or Group Non-Executive Director, such shorter period as the Committee may determine); and

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- (b) Group Non-Executive Directors (including independent Directors) who, as of the Date of Grant, have attained the age of 21 years; and
- (c) Controlling Shareholders and Associates of Controlling Shareholders who qualify under paragraph (a) above.

The selection of a participant and the number of Shares which are the subject of each Option to be granted in accordance with the MCP Employee Share Option Scheme shall be determined in the absolute discretion of the New Remuneration Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Enlarged Group and, if applicable, the extent of effort to achieve the performance target(s) within the performance period.

12.3.2 Grant of Options

There are no fixed periods for the grant of Options. As such, offers of the grant of Options may be made at any time at the discretion of the New Remuneration Committee.

However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the second Market Day from the date on which the aforesaid announcement is made.

12.3.3 Acceptance of Options

The grant of Options shall be accepted within 30 days from the date of the offer. Offers of Options made to Grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the Grantee must pay the Company a consideration of S\$1.00.

12.3.4 Options Exercise Period and Exercise Price

The Options that are granted under the MCP Employee Share Option Scheme may have Exercise Prices that are, at the discretion of the New Remuneration Committee:

- (a) set at a discount to a price (the “**Market Price**”) equal to the average of the last dealt prices for the Share on the SGX-ST for the five (5) consecutive Market Days immediately preceding the relevant Date of Grant of the relevant Option (subject to a maximum discount of 20%) (the “**Incentive Options**”); or
- (b) fixed at the Market Price (the “**Market Price Options**”).

Subject to as provided in the MCP Employee Share Option Scheme and any other conditions as may be introduced by the New Remuneration Committee from time to time, a Market Price Option or an Incentive Option, as the case may be, shall be exercisable, in whole or in part, as follows:

- (a) in the case of a Market Price Option, after the first anniversary of the Date of Grant; and
- (b) in the case of an Incentive Option, after the second anniversary of the Date of Grant.

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Options granted under the MCP Employee Share Option Scheme to any employee of the Enlarged Group and Controlling Shareholders and Associates of Controlling Shareholders who qualify as described above will have a life span of up to 10 years from the Date of Grant and all Options granted to Non-Executive Directors of the Company shall have a life span of five years from the Date of Grant.

12.3.5 **Exercise of Options**

Subject to the applicable laws, the Company will deliver Shares to Participants upon exercise of their Options by way of either (a) an issue of new Shares; or (b) a transfer of Shares then held by the Company in treasury.

In determining whether to issue new Shares to Participants upon exercise of their Options, the Company will take into account factors such as, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of issuing new Shares and delivering existing Shares.

The financial effects of the above methods are discussed below.

12.3.6 **Lapse of Options**

Special provisions in the rules of the MCP Employee Share Option Scheme deal with the lapse or earlier exercise of Options in certain circumstances which include the termination of the Participant's employment, the bankruptcy of the Participant and the winding-up of the Company.

12.3.7 **Size of the MCP Employee Share Option Scheme**

The total number of Shares over which the New Remuneration Committee may grant new Options on any date, when added to (a) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Options already granted under the MCP Employee Share Option Scheme; and (b) the total number of Shares issued and issuable and/ or transferred or transferrable in respect of options granted or awards granted under any other share option or share schemes of the Company (including the MCP Performance Share Plan), shall not exceed 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the date preceding the date of the grant of the relevant new Option.

12.3.8 **Rights of Shares arising**

New Shares allotted and issued and existing Shares procured by the Company for transfer on the exercise of an Option shall (a) be subject to all the provisions of the Constitution of the Company; and (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the later of (i) the relevant exercise date of the Option; and (ii) the date of issue of the Shares, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

12.3.9 **Maximum Entitlements**

The aggregate number of Shares which may be issued or transferred pursuant to Options granted under the MCP Employee Share Option Scheme to Participants who are Controlling Shareholders and/or Associates of Controlling Shareholders shall not exceed 25% of the total number of Shares available under the MCP Employee Share Option Scheme.

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The aggregate number of Shares which may be issued or transferred pursuant to Options granted under the MCP Employee Share Option Scheme to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the MCP Employee Share Option Scheme.

However, it does not necessarily mean that the New Remuneration Committee will definitely issue Options Shares up to the prescribed limit. The New Remuneration Committee shall exercise its discretion in deciding the number of Options Shares to be granted to each participant which will depend on the performance and value of the Participant to the Enlarged Group.

12.3.10 **Duration of the MCP Employee Share Option Scheme**

The MCP Employee Share Option Scheme shall continue in force at the discretion of the New Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the MCP Employee Share Option Scheme is adopted by the Company in general meeting, provided always that the MCP Employee Share Option Scheme may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the MCP Employee Share Option Scheme, any Options granted to Participants prior to such expiry or termination will continue to remain valid.

12.3.11 **Adjustment Events**

If a variation in the issued and ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, capital reduction, subdivision, consolidation or distribution) shall take place, then:

- (a) the Exercise Price of the Options, the class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (b) the class and/or number of Shares over which Options may be granted under the MCP Employee Share Option Scheme,

may, at the option of the New Remuneration Committee, be adjusted in such manner as the New Remuneration Committee may determine to be appropriate. However, any adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

Unless the New Remuneration Committee considers an adjustment to be appropriate, (a) the issue of securities as consideration for an acquisition or a private placement of securities; (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force; (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the MCP Employee Share Option Scheme or MCP Performance Share Plan; or (d) any issue of Shares arising from the exercise of options or the subscription rights of any warrants or the conversion of any loan stock or any securities convertible into Shares by the Company, shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Company's auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

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12.3.12 Modifications to the MCP Employee Share Option Scheme

The MCP Employee Share Option Scheme may be modified and/or altered from time to time by a resolution of the New Remuneration Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Options granted prior to such modification or alteration except with the written consent of such number of Participants who, if they exercise their Options in full, would thereby become entitled to not less than three-quarters in number of all the Shares which would fail to be allotted or transferred upon exercise in full of all outstanding Options under the MCP Employee Share Option Scheme.

No alteration shall be made to certain rules of the MCP Employee Share Option Scheme to the advantage of the Participants under the MCP Employee Share Option Scheme except with the prior approval of Shareholders in general meeting.

12.3.13 Grant of Incentive Options with a discounted price

The ability to offer Incentive Options to Participants of the MCP Employee Share Option Scheme with Exercise Prices set at a discount to the prevailing Market Prices of the Shares will operate as a means to recognise the performance of Participants as well as to motivate them to continue to excel. Incentive Options would be perceived in a more positive light by the Participants, inspiring them to work hard and produce results in order to be offered Incentive Options, as only Participants who have made outstanding contributions to the success and development of the Enlarged Group would be granted Incentive Options.

The flexibility to grant Incentive Options is also intended to cater to situations where stock market performance has overrun the general market conditions. In such events, the New Remuneration Committee will have absolute discretion to:

- (a) grant Incentive Options set at a discount to the Market Price of a Share (subject to a maximum limit of 20%); and
- (b) determine the Participants to whom, and the Incentive Options to which, such reduction in Exercise Prices will apply.

In determining whether to give a discount and the quantum of such discount, the New Remuneration Committee shall be at liberty to take into consideration factors including the performance of the Company, the Enlarged Group, the performance of the Participant concerned, the contribution of the Participant to the success and development of the Enlarged Group and the prevailing market conditions. The New Remuneration Committee (in its absolute discretion) will determine on a case-by-case basis whether a discount will be given, and if so, the quantum of the discount, taking into account the objective that is desired to be achieved by the Company and the prevailing market conditions. As the actual discount given will depend on the relevant circumstances, the extent of the discount may vary from one case to another, and from time to time, subject to a maximum discount of 20% of the Market Price of a Share. The discretion to grant Incentive Options will, however, be used judiciously.

It is envisaged that the Company may consider granting the Incentive Options under circumstances including (but not limited to) the following:

- (a) firstly, where it is considered more effective to reward and retain talented employees by way of an Incentive Option rather than a Market Price Option. This is to reward the outstanding performers who have contributed significantly to the Enlarged Group's performance and the Incentive Option serves as additional incentive to such Participants. Market Price Options

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may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence, during such period, the ability to offer Incentive Options would allow the Company to grant Options on a more realistic and economically feasible basis. Furthermore, Incentive Options will give an opportunity to Participants to realise some tangible benefits even if external events cause the Share price to remain largely static.

- (b) secondly, where it is more meaningful and attractive to acknowledge a Participant's achievements through an Incentive Option rather than paying him a cash bonus. For example, Incentive Options may be used to compensate employees and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Accordingly, it is possible that merit based cash bonuses or rewards may be combined with grants of Market Price Options or Incentive Options, as part of eligible employees' compensation packages. The MCP Employee Share Option Scheme will provide Participants with an incentive to focus more on improving the profitability of the Group, thereby enhancing shareholder value when these are eventually reflected through the price appreciation of the Shares after the vesting period.
- (c) thirdly, where due to speculative forces and having regard to the historical performance of the Share price, the market price of the Shares at the time of the grant of the options may not be reflective of financial performance indicators such as return on equity and/or earnings growth.

Such flexibility in determining the quantum of discount would enable the New Remuneration Committee to tailor the incentives in the grant of Incentive Options to be commensurate with the performance and contribution of each individual Participant. By individually recognising the degree of performance and contribution of each Participant, the granting of Incentive Options at a commensurate discount would enable the New Remuneration Committee to provide incentives for better performance, greater dedication and loyalty of the Participants.

The Company may also grant Market Price Options without any discount to the Market Price of the Shares. Additionally, the Company may, if it deems fit, impose conditions on the exercise of the Options (whether Market Price Options or Incentive Options), such as restricting the number of Shares for which the Option may be exercised during the initial years that it may be exercised.

12.3.14 **Abstention from Voting**

Shareholders who are eligible to participate in the MCP Employee Share Option Scheme are to abstain from voting on any shareholders' resolution relating to the MCP Employee Share Option Scheme and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

12.3.15 **Annual Report**

The Company will make such disclosures in its annual report for so long as the MCP Employee Share Option Scheme continues in operation:

- (a) the names of the members of the New Remuneration Committee administering the MCP Employee Share Option Scheme;

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- (b) the information required in the table below for the following Participants:
- (i) Participants who are Directors;
 - (ii) Participants who are Controlling Shareholders and their Associates; and
 - (iii) Participants, other than those in (i) and (ii) above, who received 5.0% or more of the total number of Shares to be comprised in Options available under the MCP Employee Share Option Scheme;

Name of Participant	Options granted during Financial Year under review (including terms)	Aggregate Options granted since commencement of the MCP Employee Share Option Scheme to end of Financial Year under review	Aggregate Options exercised since commencement of the MCP Employee Share Option Scheme to end of Financial Year under review	Aggregate Options Outstanding as at the end of Financial Year under review

- (c) the number and proportion of Incentive Options granted at the following discounts to the Market Price in the Financial Year under review:
- (i) Incentive Options granted at up to 10% discount; and
 - (ii) Incentive Options granted at more than 10% but not more than 20% discount;
- (d) such other information as may be required by the Catalist Rules or the Act; and
- (e) an appropriate negative statement in the event the disclosure of any of the abovementioned information is not applicable.

12.3.16 Options under the Artivision Technologies Employee Share Option Plan 2007

The Company had previously adopted an employee share option scheme, namely the Artivision Technologies Employee Share Option Plan 2007, which was approved by Shareholders at an extraordinary general meeting of the Company on 21 October 2007. The Artivision Technologies Employee Share Option Plan 2007 had expired on 21 October 2017.

Options in respect of a total of 4,200,000 Shares were granted to two (2) participants in 2014 under the Artivision Technologies Employee Share Option Plan 2007, none of which were exercised. Such options had lapsed due to the expiration of such options in April 2019. There are no longer any options outstanding under the Artivision Technologies Employee Share Option Plan 2007.

Other than the rules of the Artivision Technologies Employee Share Option Plan 2007, there were no material conditions to which the options were subject.

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12.4 **Administration of the MCP Performance Share Plan and MCP Employee Share Option Scheme**

The MCP Performance Share Plan and MCP Employee Share Option Scheme shall be administered by the New Remuneration Committee with such powers and duties conferred to it by the Board of Directors. A member of the New Remuneration Committee who is also a Participant of the MCP Performance Share Plan and/or MCP Employee Share Option Scheme must not be involved in its deliberation in respect of the Awards and/or Options granted or to be granted to him (as the case may be).

12.5 **Participation by Controlling Shareholders and the Associates of Controlling Shareholders**

An employee who is a Controlling Shareholder of the Company or an Associate of a Controlling Shareholder shall be eligible to participate in the MCP Performance Share Plan and MCP Employee Share Option Scheme if (a) his participation in the MCP Performance Share Plan and/or MCP Employee Share Option Scheme and (b) the actual or maximum number of Shares and/or Options and terms of the Awards and/or Options to be granted to him (as the case may be) have been approved by independent Shareholders of the Company at a general meeting in separate resolutions for each such person. The relevant employee is required to abstain from voting on, and (in the case of employees who are Directors) refrain from making any recommendation on, the resolutions in relation to the MCP Performance Share Plan and/or MCP Employee Share Option Scheme (as the case may be).

One of the main objectives of the MCP Performance Share Plan and MCP Employee Share Option Scheme is to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Enlarged Group. The objectives of the MCP Performance Share Plan and MCP Employee Share Option Scheme apply equally to employees who are Controlling Shareholders or Associates of Controlling Shareholders. The Company's view is that all deserving and eligible Participants should be motivated, regardless of whether they are Controlling Shareholders or Associates of Controlling Shareholders. It is in the Company's interest to incentivise outstanding employees who have contributed to the growth of the Enlarged Group.

Although employees who are Controlling Shareholders and Associates of Controlling Shareholders have or may already have shareholding interests in the Company, the extension of the MCP Performance Share Plan and MCP Employee Share Option Scheme to allow them the opportunity to participate in the MCP Performance Share Plan and MCP Employee Share Option Scheme will ensure that they are as entitled as other Group employees, to participate in and benefit from this system of remuneration. The MCP Performance Share Plan and MCP Employee Share Option Scheme are intended to be part of the Company's system of employee remuneration and the Company is of the view that employees who are Controlling Shareholders or Associates of Controlling Shareholders should not be unduly discriminated against by virtue only of their shareholding in the Company.

12.6 **Participation by Non-Executive Directors (including Independent Directors) in the MCP Performance Share Plan and MCP Employee Share Option Scheme**

Although Non-Executive Directors are not involved in the day-to-day running of the Enlarged Group's operations, they play an invaluable role in furthering the business interests of the Enlarged Group by contributing their experience and expertise. The participation by Non-Executive Directors in the MCP Performance Share Plan and MCP Employee Share Option Scheme will provide the Company with a further avenue to acknowledge and recognise their services and contributions to the Enlarged Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, the Non-Executive Directors may bring strategic or other value to the Company which may be difficult to quantify in monetary terms. The grant of Options or Awards to Non-Executive Directors will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as Non-Executive Directors, and to motivate existing Non-Executive Directors to take extra efforts to promote the interests of the Company and/or the Enlarged Group.

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In order to minimise any potential conflict of interests and to not compromise the independence of the Non-Executive Directors, the Company intends to grant only a nominal number of Awards and/or Options under the MCP Performance Share Plan and MCP Employee Share Option Scheme to Non-Executive Directors.

12.7 **Financial Effects of the MCP Performance Share Plan and MCP Employee Share Option Scheme**

The financial effects of the Company granting Awards and Options under the MCP Performance Share Plan and MCP Employee Share Option Scheme are as follows:

(a) **Share capital**

The MCP Performance Share Plan and MCP Employee Share Option Scheme will result in an increase in the Company's issued share capital when new Shares are issued to Participants upon the exercise of the Options or pursuant to the Awards, as the case may be. The number of new Shares issued will depend on, *inter alia*, in the case of the Awards, the size of the Awards granted under the MCP Performance Share Plan and in the case of Options, the number of Shares comprised in the Options, the number of Options that are exercised and the Exercise Price of the Shares comprised in the Options. In any case, the MCP Performance Share Plan and the MCP Employee Share Option Scheme each provides that the number of Shares to be issued or transferred under the MCP Performance Share Plan or MCP Employee Share Option Scheme (as the case may be), when aggregated with the aggregate number of shares which options are granted under any other share option schemes of the Company (including the MCP Employee Share Option Scheme or the MCP Performance Share Plan (as the case may be)), will be subject to the maximum limit of 15% of the Company's total number of issued shares (excluding Shares held by the Company as treasury shares) from time to time. If instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants, the MCP Performance Share Plan and MCP Employee Share Option Scheme will have no impact on the Company's issued share capital.

(b) **NTA**

As described in paragraph (c) below on EPS, the MCP Performance Share Plan and MCP Employee Share Option Scheme are likely to result in a charge to the Company's income statement over the period from the grant date to the vesting date of the Awards and/or upon the exercise of the Options (as the case may be). The amount of the charge will be computed in accordance with Singapore Financial Reporting Standard (International) 2 – Share-based Payment ("**SFRS(I) 2**").

When new Shares are issued under the MCP Performance Share Plan, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of issuing new Shares to Participants, existing Shares are purchased for delivery to participants, the NTA would be impacted by the cost of the Shares purchased.

It should be noted that the delivery of Shares to Participants under the MCP Performance Share Plan will generally be contingent upon the eligible Participants meeting prescribed performance targets and conditions.

The issue of new Shares upon the exercise of the Options will increase the Company's consolidated NTA by the aggregate Exercise Price of the new Shares issued. On a per Share basis, the effect on the NTA of the Company will be accretive if the Exercise Price is above the Company's consolidated NTA per Share, but dilutive otherwise.

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(c) **EPS**

The issuance of new Shares under the MCP Performance Share Plan and/or upon the exercise of Options granted under the MCP Employee Share Option Scheme will have a dilutive impact on the consolidated EPS of the Enlarged Group.

The MCP Performance Share Plan is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with SFRS(I) 2.

It should again be noted that the delivery of Shares to Participants of the MCP Performance Share Plan will generally be contingent upon the Participants meeting the prescribed performance targets and conditions.

(d) **Cost of Awards and Options**

The grant of any Awards and Options under the MCP Performance Share Plan and MCP Employee Share Option Scheme respectively, is considered a share-based payment that falls under SFRS(I) 2.

With respect to the Awards, as Participants will receive Shares in settlement of the Awards, the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

- (i) The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the income statement over the period between the grant date and the vesting date of an Award. The amount recognised as an expense is adjusted to reflect the number of Awards for which the service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of Awards that meet the service and non-market performance conditions at the vesting date of such Award. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the amount charged to the income statement is made.
- (ii) The amount charged to the income statement also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met. However, if the performance target is not a market condition, the fair value per share of the Awards granted at the grant date is used to compute the amount to be charged to the income statement at each accounting date, based on an assessment by the Group Chief Financial Officer at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no cumulative charge to the income statement if the awards do not ultimately vest.

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Under SFRS(I) 2, the recognition of an expense in respect of Options granted under the MCP Employee Share Option Scheme is required, as described in the following paragraphs:

- (i) The expense will be based on the fair value of the Options at each date of grant of the Options and will be recognised over the Vesting Period. This fair value is normally estimated by applying the option pricing model at the date of grant of the Options, taking into account the terms and conditions of the grant of the Options and recognised as a charge to the Company's consolidated profit and loss statement ("P&L") over the Vesting Period.
- (ii) Before the end of the Vesting Period and at the end of each accounting year, the estimate of the number of Options that are expected to vest in each Participant by the Vesting Date is revised, and the impact of the revised estimate is recognised in the consolidated P&L. After the Vesting Date, no adjustment of the charge to the consolidated P&L is made.

13. THE APPOINTMENT OF THE PROPOSED NEW DIRECTORS

13.1 Re-constitution of the Board

In light of the Proposed Acquisition and the Group's intention to transform itself into a major player in the Singapore FinTech industry, it is proposed that the Proposed New Directors be appointed on Completion. The proposed composition of the re-constituted Board (as set out in the table below) comprises Directors who as a group are able to provide an appropriate balance and diversity of skills, experience and business knowledge for the benefit of the Enlarged Group.

Name of Director	Designation
Mr. Albert Cheok Saychuan	Chairman and Independent Director
Mr. Anthony Koh	Executive Director and Chief Executive Officer
Mr. Kim	Executive Director and Chief Operating Officer
Mr. Ng Weng Sui Harry	Non-Executive Non-Independent Director
Mr. Shawn Ching Wei Hung	Non-Executive Non-Independent Director
Mr. Kesavan Nair	Independent Director
Dr. Lillian Koh	Independent Director

13.2 Additional Information

Information on the working experience, qualifications and particulars of the Proposed Directors is set out in Section 18.7 of this Circular.

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14. THE PROPOSED CHANGE OF NAME

- 14.1 In view of the Proposed Acquisition, the Company is seeking the approval of the Shareholders to change the name of the Company from “Artivision Technologies Ltd.” to “MC Payment Limited” to better reflect the new business and activities of the Enlarged Group. The change of name of the Company will only take effect following Completion.
- 14.2 The Proposed Change of Name of the Company is subject to the approval of the Shareholders by way of a Special Resolution to be tabled at the EGM.
- 14.3 The name “MC Payment Limited” has been reserved with ACRA on 29 December 2020 until 28 April 2021, following which the reservation will have to be extended. Subject to the Special Resolution for the Proposed Change of Name being passed at the EGM, the Company will, on Completion, lodge the requisite Notice of Resolution with ACRA relating to its change of name. Upon issue by ACRA of a notification on the change of name of the Company, the Proposed Change of Name shall become effective.

The Company will issue an announcement to notify Shareholders upon the Company’s new name coming into effect. Shareholders should note that the change of the Company’s name does not affect the legal status of the Company. Shareholders should take note that notwithstanding the change of the Company’s name, the Company will not recall any existing share certificates bearing the current name of the Company, which continue to be *prima facie* evidence of legal title. No further action is required on the part of the Shareholders.

Upon the Proposed Change of Name becoming effective, any new share certificates of the Company will be issued under the new name “MC Payment Limited”.

The new name “MC Payment Limited” shall be substituted for “Artivision Technologies Ltd.” wherever the latter name appears in the Company’s prevailing constitution.

15. THE PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

In conjunction with the Proposed Acquisition, the Company proposes to adopt the New Constitution set out in Appendix I to this Circular, in place of the Existing Constitution, to streamline the Existing Constitution, incorporate certain amendments to clarify certain regulations and update the regulations for compliance with the changes to the Companies Act and the Catalist Rules in recent years and to reference the proposed new name of the Company.

15.1 Amendment Acts

The Amendment Acts, which were passed in Parliament on 8 October 2014 and 10 March 2017 respectively, introduced wide-ranging amendments to the Companies Act previously in force. The changes to the Companies Act pursuant to the Amendment Acts aim to reduce the regulatory burden on companies, provide for greater business flexibility and improve the corporate governance landscape for companies in Singapore. The key changes under the 2014 Amendment Act include the introduction of a multiple proxies regime to enfranchise indirect investors and CPF investors, as well as provisions to facilitate the electronic transmission of notices and documents. In addition, what had been previously the memorandum and articles of association of a company have now been merged into a single constitutive document called the “constitution”. The key changes under the 2017 Amendment Act include the removal of the requirement for a common seal.

15.2 New Constitution

Pursuant to the new Section 4(13) of the Companies Act (as amended by the 2014 Amendment Act), the memorandum and articles of association of the Company that were in force immediately before 3 January 2016 are collectively deemed to constitute, and have effect as, the constitution of the Company with effect from 3 January 2016 (the “Existing Constitution”).

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Instead of making alterations throughout the Existing Constitution in order to update and streamline its provisions generally and to be in line with the changes to the regulatory framework, the Company is proposing to adopt the New Constitution in place of the Existing Constitution. The proposed New Constitution also contains updated provisions which are consistent with the Catalist Rules prevailing as at the Latest Practicable Date, in compliance with Rule 730 of the Catalist Rules. In addition, the Company is taking the opportunity to include provisions in the New Constitution to address the personal data protection regime in Singapore, and also to streamline and rationalise the language used and certain other provisions.

15.3 Summary of Principal Provisions

The following is a summary of the principal provisions of the proposed New Constitution which are considered significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the proposed New Constitution as new provisions. It should be read in conjunction with the proposed New Constitution which is set out in its entirety in Appendix I to this Circular. Numbered Regulations referred to in the following summary pertain to relevant provisions of the proposed New Constitution, unless otherwise stated.

15.3.1 Companies Act

The following Regulations are proposed to be revised or inserted as new provisions such that these provisions would be consistent with the Companies Act, as amended pursuant to the Amendment Acts. In line with Section 35 of the Companies Act, all references to “Article” or “Articles” in the Existing Constitution have been amended to “Regulation” or “Regulations” in the New Constitution:

- (a) **Regulation 1 (Article 2 of the Existing Constitution).** Regulation 1, which is the interpretation section of the New Constitution, includes the following new and/or updated provisions:
- (i) an updated definition of “in writing” to provide that this expression, where used in the New Constitution, includes any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether physical or electronic or otherwise. This seeks to facilitate, for example, a proxy instrument being in either physical or electronic form;
 - (ii) new definitions of “registered address” and “address” to make it clear that these expressions mean, in relation to any Member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly specified;
 - (iii) a new provision stating that the expressions “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in the SFA. This follows the migration of the provisions in the Companies Act which relate to the Central Depository System to the SFA pursuant to the Amendment Acts; and
 - (iv) a new provision stating that the expressions “current address”, “electronic communications”, “financial statements”, and “relevant intermediary” shall have the meanings ascribed to them respectively in the Companies Act. This follows the introduction of new provisions facilitating electronic communication and the multiple proxies regime pursuant to the Amendment Acts.

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- (b) **New Regulation 7(2).** Regulation 7(2) is a new provision which provides that new shares may be issued for no consideration. This provision is in line with the new Section 68 of the Companies Act, which clarifies that a company having a share capital may issue shares for which no consideration is payable to the issuing company.
- (c) **Regulation 21 (Article 16 of the Existing Constitution).** The requirement to disclose the amount paid on the shares in the share certificate relating to those shares has been removed in Regulation 21, which relates to share certificates. A share certificate need only state, *inter alia*, the number and class of the shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid on the shares and any other information as the Companies Act may require. This follows the amendments to Section 123(2) of the Companies Act pursuant to the Amendment Acts.
- (d) **Regulation 71 (Article 9 of the Existing Constitution).** Regulation 71, which relates to the Company's power to alter its share capital, has new provisions which empower the Company, by ordinary resolution, to convert its share capital or any class of shares from one currency to another currency. This is in line with the new Section 73 of the Companies Act, which sets out the procedure for such re-denominations. Regulation 71 also has a new provision which empowers the Company to cancel its shares which have not been taken or which have been forfeited, in line with Section 71(1)(e) of the Companies Act. Regulation 71(2) is amended to empower the Company to convert one class of shares into another class of shares by special resolution, in line with the new Section 74A of the Companies Act.

For the avoidance of doubt, the provisions in the New Constitution do not permit the Company to have dual-class share structures or to issue shares which carry differential voting rights.

- (e) **Regulation 73 (Article 49 of the Existing Constitution).** Regulation 73, which relates to the time-frame for holding AGMs, has been revised to make it clear that an AGM shall be held in accordance with the requirements of the Companies Act but not more than four (4) months shall lapse between the end of each financial year and such AGM unless the Registrar authorises an extension of time to hold such AGM or as otherwise permitted by the Companies Act. This is in line with the amended Section 175(1) of the Companies Act.
- (f) **Regulation 78 (Articles 53 and 54 of the Existing Constitution).** Regulation 78, which relates to the routine business that is transacted at an AGM, includes updates which:
- (i) substitute the reference to "accounts" with "financial statements", and the reference to "reports of the Directors and Auditors" with "Directors' statement" and "Auditor's report", for consistency with the updated terminology in the Companies Act;
 - (ii) expand the routine business items to include, in addition to the re-appointment of the retiring Auditor, the appointment of a new Auditor; and
 - (iii) clarify the types of Directors' remuneration which will be subject to approval by Shareholders as routine business.

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(g) **Regulation 84(2) (Article 61 of the Existing Constitution).** Regulation 84(2), which relates to the method of voting at a general meeting where mandatory polling is not required, contains reduced thresholds for the eligibility to demand a poll of 5% (previously one-tenth) of the total voting rights of the members having the right to vote at the meeting, and 5% (previously 10%) of the total sum paid up on all the shares conferring that right. This is in line with Section 178 of the Companies Act, as amended pursuant to the Amendment Acts.

(h) **Regulations 90(2), 90(3), 94, and 96(1) (Articles 65, 70, 71 and 73 of the Existing Constitution).** Regulations 90(2), 90(3), 94 and 96(1), which relate to the voting rights of Shareholders and the appointment and deposit of proxies, contain new provisions which cater to the multiple proxies regime introduced by the Amendment Acts. The multiple proxies regime allows “relevant intermediaries”, such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, to appoint more than two proxies to attend, speak and vote at general meetings. In particular:

(i) Regulation 90(2) provides that in the case of a Shareholder who is a “relevant intermediary” and who is represented at a general meeting by two or more proxies, each proxy shall be entitled to vote on a show of hands. This is in line with the new Section 181(1D) of the Companies Act.

Notwithstanding the aforesaid, the Company will still be required to comply with the requirements of Rule 730A(2) of the Catalyst Rules which states that all resolutions at general meetings shall be voted by poll;

(ii) Regulation 94(1) provides that subject to the provisions of the Companies Act, a Shareholder who is a “relevant intermediary” may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder, and where such Shareholder’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed must be specified in the form of proxy. This is in line with the new Section 181(1C) of the Companies Act;

(iii) In connection with the above, the relevant time periods for the appointment of proxies before a general meeting have been amended as well.

Regulation 94(2) provides that the Company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have any shares entered against his name in the Depository Register as at seventy-two (72) (previously forty-eight (48)) hours before the time of the relevant general meeting. Consequential changes have also been made in Regulations 90(3) and 94(2) to provide that the number of votes which a Depositor or his proxy can cast on a poll is the number of shares entered against his name in the Depository Register as at seventy-two (72) hours before the time of the relevant general meeting. This is in line with the new Section 81SJ(4) of the SFA; and

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- (iv) Regulation 96(1) has been amended to increase the cut-off time for the deposit of instruments appointing proxies from 48 to 72 hours before the time appointed for holding the general meeting. This is in line with Section 178(1)(c) of the Companies Act, as amended pursuant to the Amendment Acts.

- (i) **Regulation 106(2) (Article 102 of the Existing Constitution).** Regulation 106(2), which relates to the disclosure requirements imposed on Directors in respect of their interest(s) in transactions or proposed transactions or of any office or property held by him which might create duties or interests in conflict with his duties or interests as a Director or such officer (as the case may be), has been amended to extend such disclosure requirements to any relevant officer of the Company to whom Section 156 of the Companies Act applies. This is in line with the new Section 156 of the Companies Act, as amended pursuant to the Amendment Acts.

- (j) **Regulation 113 (Article 93 of the Existing Constitution).** Regulation 113, which relates to the filling of the office vacated by a retiring Director in default circumstances except in certain cases, has been revised to remove the event of a Director attaining any retiring age applicable to him as Director. This follows the repeal of Section 153 of the Companies Act and the removal of the 70-year age limit for directors of public companies and subsidiaries of public companies.

- (k) **Regulation 120 (Article 110 of the Existing Constitution).** Regulation 120, which relates to the general powers of the Directors to manage the Company's business, has been amended to clarify that the business and affairs of the Company are to be managed by, or under the direction of or, additionally, under the supervision of, the Directors. This is in line with Section 157A of the Companies Act, as amended pursuant to the Amendment Acts.

- (l) **Regulation 176 (Article 138 of the Existing Constitution).** Regulation 176, which relates to the sending of the Company's financial statements and related documents to Shareholders, additionally provides that such documents may, subject to the listing rules of the SGX-ST, be sent less than 14 days before the date of the general meeting with the agreement of all persons entitled to receive notices of general meetings. This is in line with the new Section 203(2) of the Companies Act, as amended pursuant to the Amendment Acts, which provides that the requisite financial statements and other related documents may be sent less than 14 days before the date of the general meeting at which they are to be laid if all the persons entitled to receive notice of general meetings of the company so agree. Notwithstanding this proviso, the Company is currently required to comply with Rule 707(2) of the Catalist Rules, which provides that an issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting. The requirement to send these documents to debenture holders has also been removed in Regulation 176 as debenture holders are not members of the Company and accordingly their rights to information and documents of the Company are not naturally encompassed in the Constitution of the Company. Rather, should debenture holders of the Company wish to receive the Company's financial statements, such right to receive financial documents of the Company would in any case be a contractual right to be negotiated for by debenture holders when entering into the relevant documents creating such debenture with the Company. The debenture holder may request for a copy of the financial statements and related documents pursuant to Section 203(3) of the Companies Act.

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- (m) **Regulations 181 and 182 (Article 141 of the Existing Constitution).** Regulations 181 and 182, which relate to the service of notices and documents to Shareholders, has new provisions to facilitate the electronic transmission of notices and documents following the introduction of simplified procedures for the sending of notices and documents electronically pursuant to the Amendment Acts.

Under the new Section 387C of the Companies Act, notices and documents may be given, sent or served using electronic communications with the express, implied or deemed consent of the member in accordance with the constitution of the company. This is also permitted under Rules 1205 to 1209 of the Catalist Rules.

In this regard:

- (i) there is express consent if a shareholder expressly agrees with the company that notices and documents may be given, sent or served on him using electronic communications;
- (ii) there is deemed consent if the constitution:
 - a. provides for the use of electronic communications and specifies the manner in which electronic communications is to be used; and
 - b. specifies that shareholders will be given an opportunity to elect, within a specified period of time, whether to receive electronic or physical copies of such notices and documents,

and the shareholder fails to make an election within the specified period of time. This is also provided for in Rule 1206(1)(a) of the Catalist Rules; and

- (iii) there is implied consent if the constitution:
 - a. provides for the use of electronic communications and specifies the manner in which electronic communications is to be used; and
 - b. provides that shareholders shall agree to receive such notices or documents by way of electronic communications and shall not have a right to elect to receive physical copies of such notices and documents.

This is also provided for in Rule 1206(2) of the Catalist Rules.

Certain safeguards for the use of the deemed consent and implied consent regimes are prescribed under the new regulation 89C of the Companies Regulations as well as Rule 1206(1)(b) of the Catalist Rules, which provide that before giving, sending or serving any notice or document by way of electronic communications to a shareholder who is deemed to have consented under Section 387C(3) of the Companies Act (the

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deemed consent regime as described in paragraph 2.3.1(m)(ii) above), the company must have given separate notice to the shareholder in writing on at least one occasion that:

- (i) the shareholder has a right to elect, within a time specified in the notice, whether to receive notices and documents by way of electronic communications or as a physical copy;
- (ii) if the shareholder does not make an election, documents will be sent to the shareholder by way of electronic communications;
- (iii) the manner in which electronic communications will be used is the manner specified in the constitution of the company or where not specified, the means of electronic communications that will be used to give, send or serve notices or documents is by publication on the company's website that is specified in the separate notice;
- (iv) the election is a standing election, but the shareholder may make a fresh election at any time to receive notices or documents by way of electronic communications or as a physical copy; and
- (v) until the shareholder makes a fresh election, the election that is conveyed to the company last in time prevails over all previous elections as the shareholder's valid and subsisting election in relation to all documents to be sent.

Regulation 182 was inserted with the objective of facilitating the electronic transmission of notices and documents following the introduction of simplified procedures for the sending of notices and documents electronically pursuant to the new Section 387C of the Companies Act and Rules 1205 and 1206 of the Catalist Rules. Companies may, subject to certain statutory safeguards, make use of these simplified procedures so long as the specified modes of electronic transmission are set out in their constitutions.

In particular:

Regulation 182(1) provides that notices and documents may be sent to Shareholders using electronic communications either to the current address (which may be an email address) of that person or by making it available on a website. In this connection, Rule 1209 of the Catalist Rules provides that if an issuer uses website publication as the form of electronic communications, the issuer shall separately provide a physical notification to shareholders notifying of the following:

- (i) the publication of the document on the website;
- (ii) if the document is not available on the website on the date of notification, the date on which it will be available;
- (iii) the address of the website;

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- (iv) the place on the website where the document may be accessed; and
- (v) how to access the document.

Rule 1209 of the Catalist Rules will apply to the Company in the event that it serves notices and documents to Shareholders by making them available on a website.

Regulation 182(2) further provides that, subject to the Companies Act and any regulations made thereunder and the listing rules of the SGX-ST relating to electronic communications, a Shareholder has given his implied consent, and shall agree to receive such notice or document by way of electronic communications and shall not have a right to elect to receive a physical copy of such notice or document.

Regulation 182(3) further states that notwithstanding the aforesaid, subject to the Companies Act and any regulations made thereunder and the listing rules of the SGX-ST relating to electronic communications, the Directors may, at their discretion, decide to give Shareholders an opportunity to elect to opt out of receiving such notice or document by way of electronic communications, and a Shareholder is deemed to have consented to receive such notice or document by way of electronic communications, if he was given such an opportunity but failed to make an election within the specified time.

Regulation 182(5) provides for when service is deemed to have been effected in the case of notices or documents sent by electronic communications. In particular, where a notice or document is made available on a website, it shall be treated as given or sent to, or served on, a person on the date on which the notice or document is first made available on the website unless otherwise provided under the Companies Act and/or the listing rules of the SGX-ST.

It should be noted, however, that under the new regulation 89D of the Companies Regulations, notices or documents relating to take-over offers and rights issues cannot be transmitted by electronic means. Similarly, Rule 1207 of the Catalist Rules provides that an issuer shall send the following documents to its shareholders by way of physical copies: (i) forms or acceptance letters that shareholders may be required to complete; (ii) notices of meetings, excluding circulars or letters referred to in that notice; (iii) notices and documents relating to takeover offers and rights issues; and (iv) notices under Rules 1208 and 1209 of the Catalist Rules. Notwithstanding that the Company is permitted by the Companies Act and the Catalist Rules to send notices and documents to Shareholders by electronic communications, Rule 1208 of the Catalist Rules provides that when an issuer uses electronic communications to send a document to a shareholder, the issuer shall inform the shareholder as soon as practicable of how to request for a physical copy of that document from the issuer and the issuer shall provide a physical copy of that document upon such request. Therefore, Regulation 182(4) has been inserted in the New Constitution to provide that the Company shall send to Shareholders physical copies of such notices or documents as may be specified by law or the listing rules of the SGX-ST.

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- (n) **Regulation 192 (Article 148 of the Existing Constitution).** Regulation 192, which relates to Directors' indemnification, has been expanded to permit the Company, subject to the provisions of and so far as may be permitted by the Companies Act, to indemnify a Director against losses "to be incurred" by him in the execution of his duties. This is in line with the new Sections 163A and 163B of the Companies Act, which permit a company to lend, on specified terms, funds to a director for meeting expenditure incurred or "to be incurred" by him in defending court proceedings or regulatory investigations.

15.3.2 Catalyst Rules

Rule 730 of the Catalyst Rules provides that if an issuer amends its articles or other constituent documents, they must be made consistent with all the listing rules prevailing at the time of amendment.

The following regulations have been updated to ensure consistency with the listing rules of the SGX-ST prevailing as at the Latest Practicable Date, in compliance with Rule 730 of the Catalyst Rules:

- (a) **Regulation 73 (Article 49 of the Existing Constitution).** In line with Rule 730A(1) of the Catalyst Rules, Regulation 73 has been amended to state that the Company shall hold all its general meetings in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation.
- (b) **Regulation 75 (Article 51 of the Existing Constitution).** Regulation 75, which relates to notice of general meetings, clarifies that the requirement for at least 14 days' notice of any general meeting to be given by advertisement in the daily press in circulation in Singapore and in writing to the SGX-ST only applies so long as the shares in the Company are listed on the SGX-ST. This is in line with paragraph (7) of Appendix 4C of the Catalyst Rules.
- (c) **New Regulation 84(1).** Regulation 84(1), which relates to the method of voting at general meetings, has been inserted to make it clear that, if required by the listing rules of the SGX-ST, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the SGX-ST). These changes are in line with Rule 730A(2) of the Catalyst Rules which requires all resolutions at general meetings to be voted by poll.
- (d) **Regulation 86 (Article 62 of the Existing Constitution).** Regulation 86, which relates to conduct of the poll and incidental matters, makes it clear that scrutineers will be appointed, if so required by the listing rules of the SGX-ST. This is in line with Rule 730A(3) of the Catalyst Rules which took effect on 1 August 2015.
- (e) **Regulation 94 (Article 71 of the Existing Constitution).** Regulation 94, which sets out provisions relating to proxies including rights relating to their appointment, has been amended to provide that:
- (i) a Member who has deposited an instrument appointing a proxy/proxies to vote on his behalf at a general meeting shall not be precluded from attending and voting at that general meeting; and

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- (ii) any such appointment of all the proxies concerned shall be deemed to be revoked upon attendance of the Member appointing the proxy/proxies at the relevant general meeting.

These amendments are in line with paragraph 3.3 of Practice Note 7E of the Catalist Rules, which provides that if a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointment of the proxy should be revoked.

- (f) **Regulations 109 and 113 (Articles 90 and 93 of the Existing Constitution).** Regulation 109, which relates to the vacation of office of a Director in certain events, provides that a Director shall cease to hold office if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. Regulation 113, which relates to the filling of the office vacated by a retiring Director in certain default events, has been amended to provide that a retiring Director is deemed to be re-elected in certain default circumstances except, additionally, where he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. These changes are in line with paragraph (9)(m) of Appendix 4C of the Catalist Rules, which provides that where a director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds, he must immediately resign from the board.
- (g) **Regulation 111 (Article 91 of the Existing Constitution).** Regulation 111, which relates to the retirement of Directors by rotation, has been amended to provide that all Directors shall submit themselves for re-nomination and re-election at least once every three (3) years. This is in line with the amended Rule 720(4) of the Catalist Rules which came into effect on 1 January 2019.

15.3.3 PDPA

In general, under the Personal Data Protection Act 2012, an organisation can only collect, use or disclose personal data of an individual with the individual's consent, and for a reasonable purpose which the organisation has made known to the individual. The new Regulation 194 specifies, *inter alia*, the purposes for which the Company and/or its agents and service providers would collect, use and disclose personal data of Shareholders and their appointed proxies or representatives.

15.3.4 General

The following regulations have been included in the New Constitution, or have been updated, streamlined and rationalised generally:

- (a) **New Regulation 29 and Regulations 38, 91, 97 and 109 (Articles 44, 67, 75, and 90 of the Existing Constitution).** These Regulations have been updated to substitute the references to insanity, lunatics and persons of unsound mind with references to mental disorder and persons who are "mentally disordered" and incapable of managing themselves or their affairs, following the enactment of the Mental Health (Care and Treatment) Act, Chapter 178A, which repealed and replaced the Mental Disorders and Treatment Act.

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- (b) **Regulations 94 and 96 (Articles 71 and 73 of the Existing Constitution).** Regulation 94, which relates to the appointment of proxies, has new provisions to facilitate the appointment of a proxy through electronic means online. In particular, it provides that a Shareholder can elect to authorise the appointment of a proxy via electronic communication, through such method and in such manner as may be approved by the Directors, in lieu of the present requirement of signing, or where applicable, the affixation of the corporate Shareholders' common seal or execution thereof as a deed in accordance with the Companies Act.

For the purpose of accommodating the deposit by Shareholders, and receipt by the Company, of electronic proxy instructions by Shareholders who elect to use the electronic appointment process, Regulation 96, which relates to the deposit of proxies, has new provisions which authorise the Directors to prescribe and determine the manner of receipt by the Company of the instrument appointing a proxy through digital means.

- (c) **New Regulation 172.** Regulation 172, which relates to the Directors' power to issue free shares and/or to capitalise reserves for share-based incentive plans, has been inserted to empower the Directors to do the same for the benefit of non-executive Directors as part of their Directors' remuneration (which has to be approved by Shareholders in general meeting). This will enable the Company, if it so desires, to remunerate its non-executive Directors by way of Directors' fees in the form of shares, or in a combination of cash and shares, using these methods.

15.4 **Appendices I and J**

The text of the principal provisions in the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, is set out in Appendix J to this Circular and the main differences are blacklined. The proposed New Constitution is set out in Appendix I to this Circular. The Proposed Adoption of the New Constitution is subject to the approval of the Shareholders by way of a Special Resolution to be tabled at the EGM.

16. **FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS**

16.1 **Bases and Assumptions**

The unaudited pro forma financial effects of the Proposed Transactions are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Enlarged Group following completion of the Proposed Transactions.

The unaudited pro forma financial effects of the Proposed Transactions set out below have been prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2020 and the consolidated financial statements of the Target Group for the financial year ended 31 December 2019, without any adjustment to align the financial year end of the Group with that of the Target Group.

For illustrative purposes only, the financial effects of the Proposed Transactions are computed based on, amongst others, the following assumptions:

- (a) the financial effects of the Proposed Transactions are presented on a post-Proposed Share Consolidation basis, unless stated otherwise;

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- (b) the financial effects of the Proposed Transactions on the loss after tax attributable to the equity holders of the Company and/or Enlarged Group and the LPS are computed assuming that the Proposed Transactions were completed on 1 April 2019;
- (c) the financial effects of the Proposed Transactions on the NTL or NTA attributable to the equity holders of the Company and/or Enlarged Group, and NTL per Share or NTA per Share, net liabilities or net assets attributable to equity holders of the Company and/or Enlarged Group, net liability value per Share or net asset value per Share and gearing are computed assuming that the Proposed Transactions were completed on 31 March 2020;
- (d) the Proposed Acquisition will be considered a reverse acquisition whereby the Target Group will be deemed as the accounting acquirer (legal acquiree) and the Group will be the accounting acquiree (legal acquirer);
- (e) as the Group has disposed of all its business, the Proposed Transactions will not be considered a business combination within the meaning of SFRS(I) 3 – Business Combination, and instead the Proposed Acquisition will be considered as reverse acquisition along with share-based payment in accordance to SFRS(I) 2 – Share-based Payment;
- (f) for the purpose of this analysis, the fair value of the consideration transferred is based on:
 - (1) the market price of the Shares quoted on the SGX-ST amounting to approximately S\$21.6 million (based on the Existing Share Capital of 1,797,792,986 Shares (excluding treasury shares) and the VWAP of S\$0.012 per Share on the Latest Practicable Date);
 - (2) adjusted for the financial effects of the Settlement Shares for the redemption of all of the Company Bonds and its associated accrued interest amounting to S\$9.3 million as at 31 March 2020; and
 - (3) adjusted for Mr. Ching Placement Undertaking Shares of S\$0.6 million.

It is assumed that the fair value of the Shares will increase by \$9.3 million and S\$0.6 million as a result of the Settlement Shares and Mr. Ching Placement Undertaking Shares respectively. Accordingly, the deemed fair value of the consideration transferred is S\$31.5 million;
- (g) the Company has a negative net asset value of S\$9.4 million as at 31 March 2020 and after adjusting for the Settlement Shares and Mr. Ching Placement Undertaking Shares, the Company will have a net asset value of S\$0.5 million. The difference between fair value of consideration transferred (S\$31.5 million) and the net asset value of the Company (S\$0.5 million) amounts to S\$31.0 million and is treated to be cost of listing to the Target Group (the “**Deemed Listing Expenses**”). The Deemed Listing Expenses is expensed off upon the consolidation of financial statements of both the Group and Target Group on the date of Completion;
- (h) the Target Employees Incentive Shares will vest immediately and hence is expensed off immediately when issued; and
- (i) the expenses in connection with the Proposed Transactions were considered for the purpose of calculating the financial effects.

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16.2 Financial Effects

16.2.1 Share capital of the Company

	Number of Shares	S\$'000
Issued and paid-up share capital as at 31 March 2020 (on a pre-Proposed Share Consolidation basis)	1,797,792,986	71,777
Issued and paid-up share capital as at 31 March 2020 (on a post-Proposed Share Consolidation basis)	35,955,859	71,777
Add: Mr. Ching Placement Undertaking Shares to be issued	1,246,105	600
Add: Settlement Shares to be issued	64,516,129	10,000
Add: Consideration Shares to be issued	157,725,296	82,806
Add: ZICO Shares to be issued in satisfaction of Sponsor Equity Fee	2,360,000	1,239
Add: Target Employees Incentive Shares to be issued	445,520	234
Add: Placement Shares to be issued	16,000,000	8,400
Issued and paid-up share capital after the Proposed Transactions	278,248,909	175,056

16.2.2 (NTL) / NTA per Share

	Before the Proposed Transactions	After the Proposed Acquisition but before the Proposed Placement	After the Proposed Acquisition and the Proposed Placement
(NTL) / NTA attributable to the equity holders of the Company and/or Enlarged Group as at 31 March 2020 (S\$'000)	(9,433)	(1,566)	6,834
Number of Shares as at 31 March 2020 (on a post-Proposed Share Consolidation basis)	35,955,859	262,248,909	278,248,909
(NTL) / NTA per Share as at 31 March 2020 (cents)	(26.23)	(0.60)	2.46

16.2.3 Net (liability) / asset value per Share

	Before the Proposed Transactions	After the Proposed Acquisition but before the Proposed Placement	After the Proposed Acquisition and the Proposed Placement
Net (liabilities) / assets attributable to the equity holders of the Company and/or Enlarged Group as at 31 March 2020 (S\$'000)	(9,433)	(117)	8,283
Number of Shares as at 31 March 2020 (on a post-Proposed Share Consolidation basis)	35,955,859	262,248,909	278,248,909
Net (liability) / asset value per Share as at 31 March 2020 (cents)	(26.23)	(0.04)	2.98

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16.2.4 LPS

	Before the Proposed Transactions	After the Proposed Acquisition but before the Proposed Placement	After the Proposed Acquisition and the Proposed Placement
Loss after tax attributable to the equity holders of the Company and/or Enlarged Group (S\$'000)	(1,661)	(39,934)	(39,934)
Weighted average number of Shares (on a post-Proposed Share Consolidation basis) (excluding treasury shares)	35,955,859	262,248,909	278,248,909
LPS (cents)	(4.62)	(15.23)	(14.35)

16.2.5 Gearing

	Before the Proposed Transactions	After the Proposed Acquisition but before the Proposed Placement	After the Proposed Acquisition and the Proposed Placement
Total borrowings (S\$'000)	9,790	2,360	2,360
(Negative equity) / Total equity (S\$'000)	(9,433)	(117)	8,283
Gearing (times)	Not meaningful	Not meaningful	0.28

Notwithstanding that the loss per share of the Company will increase after the Proposed Acquisition, the Existing Directors are of the view that the Proposed Acquisition is in the interests of the Company, having taken into consideration the following:

- (a) since the Company became a cash company in 2018, the Company has exhausted all means to source for a new viable business, and the Proposed Acquisition is the only available and viable option for the Company to meet the requirements under Rule 1017 of the Catalist Rules; and
- (b) the Proposed Acquisition would enable Shareholders to participate in a business that has demonstrated a growth track record in the FinTech and digital payment industry which is believed to hold sound growth potential.

Please refer to section 3.2 of this Circular entitled "Rationale for the Proposed Acquisition" for further details.

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17. WAIVER FROM THE SGX-ST

The Company had applied to the SGX-ST (through the Sponsor and Financial Adviser) for a waiver from compliance with Rule 1015(4)(a) of the Catalist Rules in respect of disclosure of *pro forma* financial information of the Enlarged Group (“**Rule 1015 Waiver**”). The Company had received a letter from the SGX-ST on 27 July 2018 granting the Company the Rule 1015 Waiver, subject to the following:

- (a) the Company making an announcement of the waiver granted, stating the reasons for seeking the waiver and conditions as per Rule 106 of the Catalist Rules, and that the Company and/or the Board are not aware of any other material information in respect of the Company and the Proposed Acquisition which was not formerly disclosed to the investors;
- (b) the disclosure of the Rule 1015 Waiver granted and bases for seeking the Rule 1015 Waiver in this Circular; and
- (c) submission of a written confirmation from the Company that the Rule 1015 Waiver does not contravene any laws and regulations governing the Company and its constituent documents.

The Company had applied for the Rule 1015 Waiver on primarily the following grounds:

- (i) Business and assets of the Enlarged Group relate wholly to that of the Target Group

The Company completed the Artimedia Disposal in August 2017. Upon completion of the Artimedia Disposal, the Group’s then remaining business activity was that of contract manufacturing of disk drive technology products, which was carried out by its wholly-owned subsidiary, CAT. On 25 October 2017, the Company announced the non-renewal of the exclusive agreement by CAT with its only customer to manufacture disk drive filter technology products when such agreement was to expire in March 2018. With effect from 27 February 2018, CAT ceased its business and operations and the Company ceased to have any operating subsidiaries or businesses, thus becoming a cash company as defined under Rule 1017 of the Catalist Rules.

Upon Completion, the Enlarged Group’s business and assets will comprise only the business and assets of the Target Group. As such, the Company believes that the relevant financial information of the Target Group comprising (a) the audited consolidated financial statements of the Target Group for the latest three (3) completed financial years and interim financial period (if applicable), and (b) the *pro forma* combined financial information of the Target Group for the latest completed financial year and interim financial period (if applicable), will be reflective of the new business of the Enlarged Group after Completion.

The financial information of the Target Group would adequately reflect the economic substance of the Enlarged Group’s businesses upon Completion. The presentation of only the financial information of the Target Group will allow Shareholders to make an informed and meaningful assessment of the assets which will be acquired pursuant to the Proposed Acquisition.

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(ii) Cost of preparation and reporting *pro forma* financial information outweighs the benefit to Shareholders

As the financial information of the Target Group would adequately reflect the financial position of the Enlarged Group upon Completion, the Company is of the view that the cost of preparing and reporting the *pro forma* financial information of the Enlarged Group outweighs the benefits to Shareholders. Furthermore, combining the financial information of the existing Group with the financial information of the Target Group to arrive at the *pro forma* financial information of the Enlarged Group will be purely theoretical and illustrative in nature, and will not be reflective of the Enlarged Group's financial position and results upon Completion.

Accordingly, the Company is of the view that the exclusion of the *pro forma* financial information of the Enlarged Group in this Circular would not be prejudicial to Shareholders.

(iii) Financial performance and position of the existing Group

Shareholders who wish to have an understanding of the historical financial performance and position of the existing Group can refer to the Company's annual reports, periodic financial results announcements and the announcements on the Company's monthly valuation of assets and utilisation of cash pursuant to Rule 1017(1)(b) of the Catalyst Rules, all of which are readily available on the SGXNET. The annual report of the Group for the financial year ended 31 March 2020 was released on 7 September 2020.

18. THE ENLARGED GROUP FOLLOWING THE PROPOSED ACQUISITION

18.1 Information on the Target

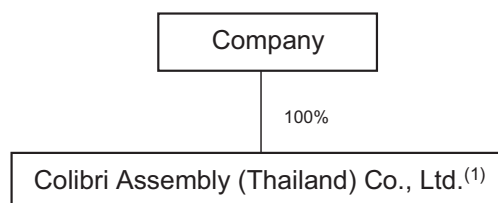
The information on the Target is set out in the Letter to Shareholders from the Proposed Board of Directors which is set out as Appendix A to this Circular.

18.2 Principal Business

The Target Group is a FinTech group that is principally engaged in the provision of merchant payment services and digital commerce enabling services with a focus on servicing customers who are merchants in the retail, transportation and food and beverage industries. Please refer to the paragraph entitled "Business and Business Processes of the Target Group" of Appendix A to this Circular for more information.

18.3 The Enlarged Group Structure

The following diagram depicts the structure of the Group as at the Latest Practicable Date.

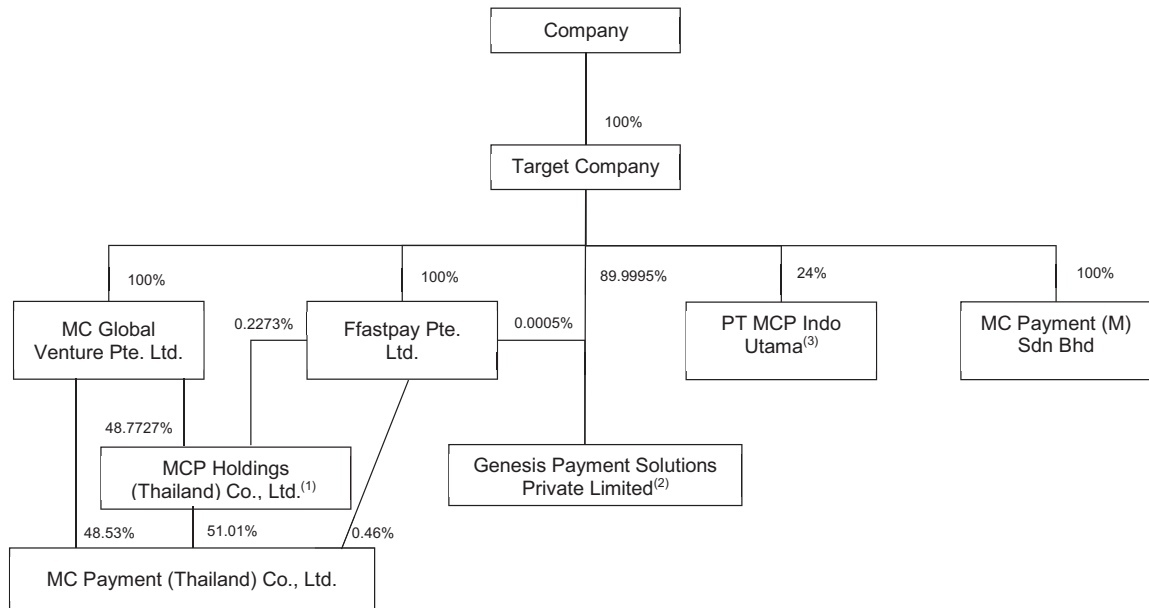


Note:

(1) In the final stage of completion of the members' voluntary winding up.

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The following diagram depicts the structure of the Enlarged Group following Completion.



Notes:

- (1) The remaining 51.0% of the issued share capital of MCP Holdings (Thailand) Co., Ltd. is held by a Thai national, Satis Chuenpibal, who heads the Target Group's operations in Thailand as Country Director. He is not related to any of the Proposed Directors, the Controlling Shareholder of the Company or their respective Associates. The Target Company (through MCP Holdings (Thailand) Co., Ltd., MC Global Venture Pte. Ltd. and Ffastpay Pte. Ltd.) is deemed to have 74.0% effective interest of MC Payment (Thailand) Co., Ltd. The Thai Restructuring Exercise was completed in October 2020.
- (2) The remaining 10.00% of the issued share capital of Genesis Payment Solutions Private Limited is held by Jong Kim Poh, who is not related to any of the Proposed Directors, the Controlling Shareholder of the Company or their respective Associates.
- (3) The remaining 76.00% of the issued share capital of PT MCP Indo Utama is held by Handojo (24.00%), Langen Pratikno (18.21%), The Tje Min (12.50%), Valerino Wijaya (10.00%), Eru Setiawan (9.79%), and Andrey Soebekti (1.50%). None of the abovementioned shareholders is related to any of the Proposed Directors, the Controlling Shareholder of the Company or their respective Associates.

The details of the Enlarged Group, following Completion are set out in the paragraph headed "Group Structure of the Target Group" in Appendix A to this Circular.

18.4 Changes in Shareholding Structure

As at the Latest Practicable date, there is only one (1) class of shares in the capital of the Company, being ordinary shares. There are no founder, management, deferred or unissued shares. The existing Shares (including but not limited to the Shares held by the Directors and Controlling Shareholder) do not carry voting rights which are different from the Consideration Shares, the Settlement Shares, the Mr. Ching Placement Undertaking Shares, the ZICO Shares, the Target Employees Incentive Shares, the Placement Shares, the Award Shares and the Option Shares. The rights of and privileges attached to the Shares (i) as at the Latest Practicable Date are stated in the Existing Constitution, and (ii) upon Completion are stated in the New Constitution.

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Based on the shareholdings of the Company as at the Latest Practicable Date, the shareholding structure of the Company before and immediately after the Proposed Transactions are summarised below:

	As at the Latest Practicable Date			After the Allotment and Issuance of Consideration Shares, Settlement Shares, Mr. Ching Placement Undertaking Shares, Target Employees Incentive Shares, ZICO Shares, and the Proposed Share Consolidation but before the Allotment and Issuance of Placement Shares			After the Allotment and Issuance of Consideration Shares, Settlement Shares, Mr. Ching Placement Undertaking Shares, Target Employees Incentive Shares, ZICO Shares, and the Proposed Share Consolidation and after the Allotment and Issuance of Placement Shares		
	Direct Interest No. of Shares	Deemed Interest No. of Shares	%	Direct Interest No. of Shares	Deemed Interest No. of Shares	%	Direct Interest No. of Shares	Deemed Interest No. of Shares	%
<u>Proposed Board of Directors</u>									
Albert Cheek Saychuan	-	-	-	-	-	-	-	-	-
Anthony Koh Beng Klok	-	-	-	16,011,893	6.11	-	16,011,893	5.75	-
Kim Moon Soo	-	-	-	3,831,884	1.46	-	3,831,884	1.38	-
Ng Weng Sui Harry ⁽¹⁾	5,490,000	0.31	-	109,800	0.04	-	109,800	0.04	-
Shawn Ching Wei Hung	-	-	-	-	-	-	-	-	-
Kesavan Nair ⁽¹⁾	-	-	-	-	-	-	-	-	-
Dr. Lillian Koh	-	-	-	-	-	-	-	-	-
<u>Substantial Shareholder(s)</u> (other than the Directors and Proposed New Directors)									
Mr. Ching	395,068,911	21.97	-	73,663,612 ⁽²⁾	28.09	-	73,663,612 ⁽²⁾	26.47	-
Goh Way Siong	-	-	-	13,577,463	5.18	-	13,577,463	4.88	-
<u>Other Shareholders</u>									
Vendors ⁽³⁾	-	-	-	110,826,412	42.26	-	110,826,412	39.83	-
Introducer ⁽⁴⁾	-	-	-	4,230,878	1.61	-	4,230,878	1.52	-
Incentivised Target Employees ⁽⁵⁾	-	-	-	245,521	0.09	-	245,521	0.09	-
ZICO Capital ⁽⁶⁾	-	-	-	2,360,000	0.90	-	2,360,000	0.85	-
Other existing minority shareholders of the Company ⁽⁷⁾	1,397,234,075	77.72	-	37,391,446	14.26	-	37,391,446	13.44	-
Places under the Proposed Placement	-	-	-	-	-	-	16,000,000	5.75	-
	1,797,792,986	100.00	-	262,248,909	100.00	-	278,248,909	100.00	-

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Notes:

- (1) Mr. Ng Weng Sui Harry and Mr. Kesavan Nair are currently Directors of the Company.
- (2) These include (i) existing Shares held by the Mr. Ching (on a post-Proposed Share Consolidation basis), (ii) the 64,516,129 Settlement Shares, and (iii) the 1,246,105 Mr. Ching Placement Undertaking Shares (on a post-Proposed Share Consolidation basis). Please refer to section entitled “The Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares” for further details.
- (3) Excluding the (i) Substantial Shareholders, (ii) Proposed Directors, (iii) the Introducer, (iv) Mr. Tee Wee Sien, who is also a Shareholder of the Company and (v) Mr. Low See Ching, who has indicated his intention to elect to have his Series D Convertible Bonds redeemed post-Completion, there are 32 other Vendors. Please refer to Section 3.3 of this Circular for a list of the Vendors.
- (4) Further details on the Introducer are set out in Section 3.3.3 of the Circular.
- (5) These exclude the shareholding interests of Mr. Anthony Koh, and Mr. Kim. There are 15 Incentivised Target Employees, excluding Mr. Anthony Koh and Mr. Kim.
- (6) These represent the ZICO Shares which will be issued by the Company in part satisfaction of the Sponsor Equity Fee due to ZICO Capital as Sponsor and Financial Adviser to the Company in respect of the Proposed Acquisition.
- (7) These include the shareholding interests of Mr. Tee Wee Sien, who is a Vendor, and a Shareholder of the Company. Pursuant to the Proposed Acquisition, Mr. Tee Wee Sien will be allotted and issued 9,446,765 Consideration Shares.

As at the Latest Practicable Date, there has not been any public take-over offer by a third party in respect of any of the Shares of the Company or by the Company in respect of the shares of another corporation or the units of a business trust, which has occurred between 1 January 2019 and the Latest Practicable Date.

In compliance with Rule 1015(3) and Rule 406(1) of the Catalist Rules, at least 15.0% of the issued share capital of the Company must be held in the hands of at least 200 shareholders who are members of the public (“**Minimum Public Float Requirement**”). Upon Completion, the interests of existing public shareholders of the Company (which exclude the interests of the Proposed Directors and Substantial Shareholder) would constitute 15.66% of the Company’s Enlarged Share Capital and the number of public shareholders would be more than 200. Thus, the Minimum Public Float Requirement would be met.

18.5 Moratorium

The Proposed Acquisition, being within the ambit of Rule 1015 of the Catalist Rules, is subject to moratorium requirements specified in Rule 422 of the Catalist Rules.

Upon Completion, Mr. Ching will hold 73,663,612 Consolidated Shares, representing 28.09% of the Enlarged Share Capital. Mr. Ching has given an undertaking not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire or otherwise dispose of any part of his shareholding interests (directly or indirectly) in the Company upon Completion (adjusted for any bonus issue, subdivision or consolidation) for a period of six (6) months from the date on which such Consolidated Shares commence trading on Catalist, and 50% of such shareholding interests in the Company for the subsequent six (6) months, in compliance with Rule 422(1) of the Catalist Rules.

Upon Completion, Mr. Anthony Koh, the proposed Executive Director and Chief Executive Officer of the Company, will hold 16,011,893 Consolidated Shares, representing 6.11% of the Enlarged Share Capital. Mr. Anthony Koh has given an undertaking not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire or otherwise dispose of any part of his shareholding interests (directly or indirectly) in the Company upon Completion (adjusted for any bonus issue, subdivision or consolidation) for a period of 12 months from the date on which such Consolidated Shares commence trading on Catalist, in compliance with Rule 422(1) of the Catalist Rules.

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Upon Completion, Mr. Kim, the proposed Executive Director and Chief Operating Officer of the Company, will hold 3,831,884 Consolidated Shares, representing 1.46% of the Enlarged Share Capital. Mr. Kim has given an undertaking not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire or otherwise dispose of any part of his shareholding interests (directly or indirectly) in the Company upon Completion (adjusted for any bonus issue, subdivision or consolidation) for a period of 12 months from the date on which such Consolidated Shares commence trading on Catalist.

Upon Completion, Ms. Sam Choy Meng, the Proposed Executive Officer, will hold 116,950 Consolidated Shares, representing 0.04% of the Enlarged Share Capital. Ms. Sam Choy Meng has given an undertaking not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire or otherwise dispose of any part of her shareholding interests (directly or indirectly) in the Company upon Completion (adjusted for any bonus issue, subdivision or consolidation) for a period of 12 months from the date on which such Consolidated Shares commence trading on Catalist.

Upon Completion, the Incentivised Target Employees (other than Mr. Anthony Koh, Mr. Kim and Ms. Sam Choy Meng) will hold 128,571 Consolidated Shares, representing 0.05% of the Enlarged Share Capital. Each of these Incentivised Target Employees has given an undertaking not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire or otherwise dispose of any part of his shareholding interests (directly or indirectly) in the Company upon Completion (adjusted for any bonus issue, subdivision or consolidation) for a period of six (6) months from the date on which such Consolidated Shares commence trading on Catalist, and 50% of such shareholding interests in the Company for the subsequent six (6) months.

Upon Completion, the Introducer will hold 4,230,878 Consolidated Shares, representing 1.61% of the Enlarged Share Capital. The Introducer has given an undertaking not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire or otherwise dispose of 88.0% of its shareholding interest (directly or indirectly) in the Company upon Completion (adjusted for any bonus issue, subdivision or consolidation) for a period of six (6) months from the date on which such Consolidated Shares commence trading on Catalist. The 88.0% threshold was determined taking into consideration that existing public shareholders amongst the Vendors can only contribute up to 5.00% of the issued share capital of the Company post-Completion in the computation of free float. The shareholders of the Introducer, Mr. Ng Cheong Kiat and Mr. Tian Chen Chong, have undertaken to maintain their effective interests in the securities under moratorium during the moratorium period.

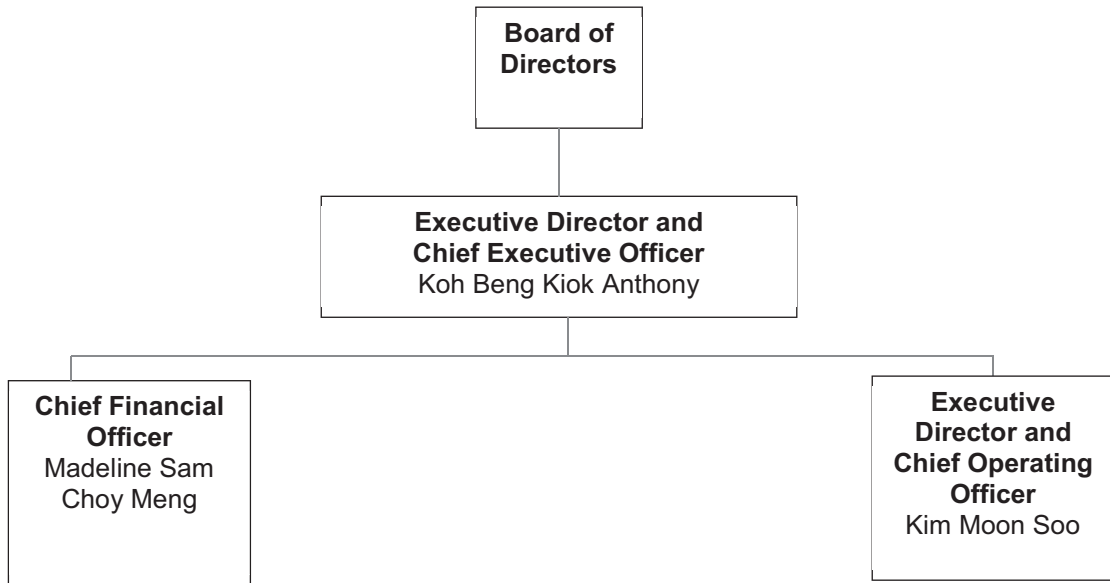
Upon Completion, the Vendors (other than Mr. Anthony Koh, Mr. Kim Moon Soo and the Introducer) will hold 133,850,640 Consolidated Shares pursuant to the Proposed Allotment and Issuance of Consideration Shares, representing an aggregate of 51.04% of the Enlarged Share Capital. Each of these Vendors has given an undertaking not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire or otherwise dispose of 88.0% of their respective shareholding interest (directly or indirectly) in the Company upon Completion (adjusted for any bonus issue, subdivision or consolidation) ("**Moratorised Portion**") for a period of six (6) months from the date on which such Consolidated Shares commence trading on Catalist, and 50% of the Moratorised Portion for the subsequent six (6) months. The 88.0% threshold was determined taking into consideration that existing public shareholders amongst the Vendors can only contribute up to 5.00% of the issued share capital of the Company post-Completion in the computation of free float. Save for Mr Anthony Koh (who is a promoter under the Catalist Rules), none of the Vendors are pre-IPO investors subject to moratorium requirements under Rule 422(2) of the Catalist Rules. For the avoidance of doubt, the 133,850,640 Consolidated Shares do not include the existing 1,773,603 Shares in the Company held by Mr. Tee Wee Sien.

Upon Completion, ZICO Capital will hold 2,360,000 Consolidated Shares, representing 0.9% of the Enlarged Share Capital. ZICO Capital has given an undertaking not to sell, offer, realise, transfer, assign, grant any option or right to acquire or otherwise dispose of any part of its shareholding interests (directly or indirectly) in the Company upon Completion (adjusted for any bonus issue, subdivision or consolidation) for a period of three (3) months from the date on which such Consolidated Shares commence trading on Catalist.

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18.6 Management Reporting Structure of the Enlarged Group

Following Completion, and with the appointment of the Proposed New Directors and Proposed Executive Officer, the management reporting structure of the Enlarged Group will be as follows:



18.7 Directors and Executive Officer of the Enlarged Group

On Completion, the following persons are proposed to be appointed to the Board:

- (a) Mr. Albert Cheok Saychuan (Chairman and Independent Director);
- (b) Mr. Anthony Koh (Executive Director and Chief Executive Officer);
- (c) Mr. Kim (Executive Director and Chief Operating Officer);
- (d) Mr. Shawn Ching Wei Hung (Non-Executive Non-Independent Director); and
- (e) Dr. Lillian Koh (Independent Director).

Upon Completion, the new Board is intended to be reconstituted and the particulars of the new Board as at the date of this Circular are set out below:

Name of Director	Age	Address	Proposed Designation
Mr. Albert Saychuan Cheok	70	Penthouse AP-1-1 Sri Langit Condominium Jalan Taman Seputeh 7 Taman Seputeh, 58000 Kuala Lumpur	Chairman and Independent Director
Mr. Anthony Koh	49	10 Ubi Crescent, #05-05 Ubi Techpark, Singapore 408564	Executive Director and Chief Executive Officer
Mr. Kim	53	D1-3A-05, Solaris Dutamas No1, Jalan Dutamas 1, 50480 KL Malaysia	Executive Director and Chief Operating Officer

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Name of Director	Age	Address	Proposed Designation
Mr. Ng Weng Sui Harry	64	302 Orchard Road, #07-03 Tong Building, Singapore 238862	Non-Executive Non-Independent Director
Mr. Shawn Ching Wei Hung	29	138 Robinson Road #30-01 Oxley Tower Singapore 068906	Non-Executive Non-Independent Director
Mr. Kesavan Nair	56	79 Robinson Road #14-01 Singapore 066897	Independent Director
Dr. Lillian Koh	60	80 Robinson Road, Level 8, Singapore 068898	Independent Director

Save for Mr. Shawn Ching Wei Hung, who is the son of Mr. Ching Chiat Kwong, the Controlling Shareholder of the Company, none of the Proposed Directors are related to one another, to the Proposed Executive Officer or to any Substantial Shareholder of the Company.

Mr. Albert Cheok Saychuan is the proposed Chairman and Independent Director of the Company. He is a banker with over 42 years of experience in banking and business consultancy in the Asia-Pacific region and has been involved in several high profile mergers and acquisitions, asset acquisitions, corporate re-structuring, corporate strategies, brand image and building and private fund management. He is also the current Chairman of Supermax Corporation Berhad, listed in Malaysia.

Mr. Cheok started his career as an auditing associate with Ernst & Young Chartered Accountants in Adelaide, Australia from December 1973 to March 1974. He was then a cadet officer and subsequently research officer in the General and Financial Policy Division of the Australian Treasury between March 1974 and February 1977. Following which he was a senior taxation officer with the Australian Taxation Office from February 1977 to September 1977, a senior research officer for trade and industrial policy with the Australian Bureau of Industry Economics from September 1977 to March 1978 and a senior research officer at the international policy division of the Australian Treasury from March 1978 to May 1979. Between May 1979 and February 1982, Mr. Cheok was an Advisor to the Australian Government Inquiry into the Australian Financial System which introduced comprehensive reforms to the Australian banking system. Thereafter, he was the principal research officer of the economics policy division and the chief finance officer of the banking and financial institutions division with the Australian Treasury from February 1982 to August 1982 and August 1982 to May 1983 respectively. Mr. Cheok then took on the roles of Assistant Chief Officer and the Chief Manager of the Banking Supervision Department at the Reserve Bank of Australia from May 1983 to October 1988 and October 1988 to September 1989, respectively before becoming the Deputy Commissioner of Banking of Hong Kong for about three and half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995. Mr. Cheok was the Chairman of Bangkok Bank Berhad in Malaysia from September 1995 to November 2005.

Mr. Cheok graduated from the University of Adelaide, Australia with First Class Honours in Economics. Mr. Cheok is a Fellow of the Australian Institute of Certified Public Accountants. Mr. Cheok is a Vice President of the Board of Governors of the Malaysian Institute of Corporate Governance.

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Mr. Anthony Koh is the proposed Executive Director and Chief Executive Officer of the Company and is responsible for the overall strategic direction and development of the Target Group. He is also responsible for overseeing the marketing efforts and the technical operations of the Target Group. He is one of the Founders and first directors of the Target and has been appointed to its board since its incorporation in 2005. Mr. Anthony Koh has over fifteen (15) years of experience in the payments and financial technology industry.

Mr. Anthony Koh started off his career as the sole proprietor of Kepha Design and Contracts in 1996 and up until 2003. At same time, he was also involved in an internet startup, Alternative Media Pte. Ltd., which was subsequently renamed The Property Portal! Pte. Ltd., as a director in 1997. He left in 1999 and in 2000, Mr. Anthony Koh was appointed as a director of Tong Nee Contractors Pte. Ltd. which is engaged in interior design and construction services. In 2003, Mr. Anthony Koh left Tong Nee Contractors Pte. Ltd. In 2005, Mr. Anthony Koh, together with Mr. Kim founded the Target. Mr. Anthony Koh is currently the Managing Director and Chief Executive Officer of the Target.

Mr. Anthony Koh graduated with a Bachelor of Electrical and Electronic Engineering (Honours) from the Nanyang Technological University, Singapore, in 1996, and a Masters of Business Administration from Andrews University, United States of America, in 2001.

Mr. Kim Moon Soo is the proposed Executive Director and Chief Operating Officer of the Company and is responsible for the strategic direction, key partnership, deal negotiations, product delivery, branding, communication and business compliance of the Target Group as well as the overall strategic direction and regional development of the Target Group outside of Singapore. He is one of the Founders and earliest directors of the Target, having been appointed to its board since August 2005. Mr. Kim has over 24 years of experience in the technology industry.

Mr. Kim began his career in Korea in 1994 with Standard Telecom Co., Ltd. where he was a Team Manager in charge of overseas marketing. He left in 2002 to join VK Corporation as its General Manager in charge of the same. In 2005, Mr. Kim left Korea for Singapore where he joined the Target shortly after its incorporation.

Mr. Kim graduated with a Bachelor of Arts from Chung-Ang University, Korea, in 1993.

Mr. Ng Weng Sui Harry is currently the Non-Executive Chairman and Independent Director of the Company and was first appointed to the Company's Board on 25 June 2008. Upon Completion, he will be re-designated as a Non-Executive Non-Independent Director of the Company.

Mr Ng is currently the executive director of HLM (International) Corporate Services Pte Ltd, a company that provides business consultancy and corporate services.

He has more than thirty years of experience in finance, accounting and audit. He sits on the boards of a number of listed companies comprising Q&M Dental Group (Singapore) Limited, Oxley Holdings Limited, Medi Lifestyle Limited (formerly known as IEV Holdings Limited) and HG Metal Manufacturing Limited, as the independent director and chairman of the audit committees.

Mr Ng is a Fellow Member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK). He obtained a Master of Business Administration (General Business Administration) from The University of Hull, UK.

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Mr. Shawn Ching Wei Hung is a proposed Non-Executive Non-Independent Director of the Company. Mr Shawn Ching is currently the Executive Director and Group General Manager of Oxley Holdings Limited, a company listed on the Main Board of the SGX-ST. Mr Shawn Ching is responsible for the general operations and administration of the Oxley group of companies. Prior to the foregoing appointment in November 2018, he was a Project Manager at Oxley Holdings Limited.

Mr Shawn Ching graduated from the University of Buckingham with a Bachelor of Science degree in Business and Management with first class honours. Thereafter, he went on to obtain a Master of Science degree in Sustainable Urban Development from the University of Oxford. Mr Shawn Ching sits on the Board of Regents of Harris Manchester College, University of Oxford.

Mr. Kesavan Nair is currently an Independent Director of the Company and was first appointed to the Company's Board on 25 May 2017. Mr. Nair has over twenty-six (26) years of experience in law and is currently a Director of Bayfront Law LLC.

Mr. Nair is an independent director of Medi Lifestyle Limited (formerly known as IEV Holdings Limited), HG Metal Manufacturing Ltd. and Arion Entertainment Limited, which are companies listed on the SGX-ST.

Mr. Nair graduated with a Bachelor of Laws (Honours) from University College of Wales in 1988. He is a Barrister-at-Law (Middle Temple, United Kingdom), Barrister and Solicitor of the High Court of Australia, Advocate & Solicitor (Supreme Court of Singapore), a member of the Law Society of Singapore, the Singapore Academy of Law and the Singapore Institute of Arbitrators. Mr. Nair is also a Fellow of the International Academy of Family Lawyers.

Dr. Lillian Koh Noi Keng is a proposed Independent Director of the Company. Dr. Lillian Koh has over thirty-three (33) years of experience in the education sector.

Dr. Lillian Koh began her career in 1984 with the Ministry of Education where she rose to Senior Education Officer before leaving in 2000 for Nanyang Technological University, where she remains today as Principal Investigator, Senior Lecturer and Chairwoman of the Center for Financial Literacy.

Dr. Lillian Koh graduated with a Doctor of Philosophy from Curtin University of Technology, Australia, in 2005.

Mr. Anthony Koh, Mr. Kim and Dr. Lillian Koh have undertaken to complete the relevant training in Singapore to familiarise themselves with the roles and responsibilities of a public listed company in Singapore (as prescribed under Schedule 1 of Practice Note 4D of the Catalist Rules) within one year from Completion. The Proposed Directors have been briefed on their roles and responsibilities of a director of a public-listed company in Singapore.

The term of office of the Proposed Board of Directors will be in accordance with the provisions of the New Constitution.

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The list of past and present directorships of the Proposed Directors, including those held in the Target Companies for the past five (5) years preceding the Latest Practicable Date are set out below:

Name	Present Directorships	Past Directorships
Mr. Albert Cheok Saychuan	<p><i>Enlarged Group companies</i></p> <p>N/A</p> <p><i>Other companies</i></p> <ul style="list-style-type: none"> - Amplefied Limited - China Aircraft Leasing Group Holdings - 5G Networks Limited - Supermax Corporation Berhad - Leonie Hill Properties Pte. Ltd. 	<p><i>Enlarged Group companies</i></p> <p>N/A</p> <p><i>Other companies</i></p> <ul style="list-style-type: none"> - Macau Chinese Bank - AcrossAsia Limited - First REIT - Auric Pacific Group Limited - Lippo Malls REIT - Hongkong Chinese Limited - Adavale Resources Limited - International Standard Resources Holdings Ltd - Peppermint Innovation Limited - Black Gold Mining Pte. Ltd. (struck off) - Stannum Pte. Ltd. (struck off) - Pacific International Energy Pte. Ltd. (struck off)
Mr. Anthony Koh	<p><i>Enlarged Group companies</i></p> <ul style="list-style-type: none"> - MC Payment (M) Sdn Bhd - Genesis Payment Solutions Private Limited - MC Global Venture Pte. Ltd. - Ffastpay Pte. Ltd. - Mobile Credit Payment Pte. Ltd. - MCP Holdings (Thailand) Co., Ltd. - MC Payment (Thailand) Co., Ltd. 	<p><i>Enlarged Group companies</i></p> <p>N/A</p>

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Name	Present Directorships	Past Directorships
	<i>Other companies</i> <ul style="list-style-type: none"> - Remsea Pte. Ltd. - Kohsson Capital Pte. Ltd. - MC Payment (HK) Limited 	<i>Other companies</i> <ul style="list-style-type: none"> - Bitecoin Pte. Ltd. - Bitechain Pte. Ltd. - Ffastmall Limited - MLSG Technology Ventures Pte. Ltd. - Amazingtech Pte. Ltd. - Kepha Furnishing Pte. Ltd. - iFashion Group Pte. Ltd.
Mr. Kim	<i>Enlarged Group companies</i> <ul style="list-style-type: none"> - Mobile Credit Payment Pte. Ltd. - MC Payment (M) Sdn. Bhd. - MC Payment Thailand Co., Ltd. - Ffastpay Pte. Ltd. - Genesis Payment Solutions Pte. Ltd. 	<i>Enlarged Group companies</i> N/A
	<i>Other companies</i> N/A	<i>Other companies</i> <ul style="list-style-type: none"> - Movingu Pte. Ltd. - MC Payment HK Limited
Mr. Ng Weng Sui Harry	<i>Enlarged Group companies</i> <ul style="list-style-type: none"> - Artivision Technologies Ltd. 	<i>Enlarged Group companies</i> N/A
	<i>Other companies</i> <ul style="list-style-type: none"> - HG Metal Manufacturing Limited - Medi Lifestyle Limited (formerly known as IEV Holdings Limited) - Oxley Holdings Limited - Q & M Dental Group (Singapore) Limited - HLM (International) Corporate Services Pte. Ltd. 	<i>Other companies</i> <ul style="list-style-type: none"> - Healthpro Pte. Ltd. - IEV Technologies Pte. Ltd. - IEV Energy Investment Pte. Limited

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Name	Present Directorships	Past Directorships
Mr. Shawn Ching Wei Hung	<p><i>Enlarged Group companies</i></p> <p>N/A</p> <p><i>Other companies</i></p> <ul style="list-style-type: none"> - Oxley Holdings Limited - Angeion Medical International Pte. Ltd. - Artimedia India Pte. Ltd. - Macritchie Developments Pte. Ltd. - Blacktip Partners Pte. Ltd. - Blacktip Partners GP I Pte Ltd - Blacktip I Pte Ltd - BT Alliance Pte. Ltd. - Thye Hua Kwan Moral Charities Limited (Alternate Director) - Oxley Fund Management Pte. Ltd. - Oxley Singapore Opportunistic Development Fund Ltd. - Oxley Ireland Pte. Ltd. 	<p><i>Enlarged Group companies</i></p> <p>N/A</p> <p><i>Other companies</i></p> <ul style="list-style-type: none"> - Artimedia Pte. Ltd. - Netcell International Pte Ltd - Precision Shave Pte Ltd
Mr. Kesavan Nair	<p><i>Enlarged Group companies</i></p> <ul style="list-style-type: none"> - Artivision Technologies Ltd. <p><i>Other companies</i></p> <ul style="list-style-type: none"> - HG Metal Manufacturing Limited - Arion Entertainment Singapore Limited - Medi Lifestyle Limited (formerly known as IEV Holdings Limited) - Bayfront Law LLC 	<p><i>Enlarged Group companies</i></p> <p>N/A</p> <p><i>Other companies</i></p> <ul style="list-style-type: none"> - Genesis Law Corporation - Genvest Pte. Ltd. - Kitchen Culture Holdings Limited

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Name	Present Directorships	Past Directorships
Dr. Lillian Koh	<i>Enlarged Group companies</i> N/A <i>Other companies</i> - MConsult Pte. Ltd. - Fintech Academy Pte. Ltd. - Centre For Research And Innovation Pte. Ltd. - Future Ready Alliance Pte. Ltd.	<i>Enlarged Group companies</i> N/A <i>Other companies</i> N/A

The particulars of the Proposed Executive Officer of the Enlarged Group are as follows:

Name	Age	Address	Proposed Designation
Ms. Madeline Sam	43	10 Ubi Crescent, #05-05 Ubi Techpark, Singapore 408564	Group Chief Financial Officer

Ms. Madeline Sam Choy Meng is the proposed Group Chief Financial Officer of the Enlarged Group and currently the Group Chief Financial Officer of the Target Group. She is responsible for the Target Group's financial management, taxation, governance framework and corporate acquisition initiatives. She first joined the Target in 2015. Ms. Sam has over 20 years of experience in accounting.

Ms. Madeline Sam began her career as an accounts assistant at NTA Travel Singapore Pte. Ltd. in 1997. In 1999, she left to join Felishman Hillard Pte. Ltd. and in 2001 she became chief accountant of Mister Minit (Singapore) Pte. Ltd.. In 2003, Ms. Madeline Sam joined Namho Travel Services (Singapore) Pte. Ltd. as an accountant until her departure to join R-Deko (Singapore) Pte. Ltd. in 2006. Ms. Madeline Sam subsequently joined Lining Sports Singapore Pte. Ltd. as a senior accountant in 2009 and in 2011 joined JK Concept (S) Pte. Ltd. as a group accountant. In 2014, Ms. Madeline Sam was an accountant at Samuel Seow Law Corporation before joining the Target as Group Financial Controller in 2015.

Ms. Madeline Sam is a Member of the Institute of Singapore Chartered Accountants and an affiliate of the Association of Chartered Certified Accountants United Kingdom. She obtained a Diploma in Accounting from the Association of Accounting Technicians (UK) in 1998. She has completed the Foundation Stage to Professional Certification Stage of the ACCA examinations.

The list of past and present directorships of the Proposed Executive Officer, including those held in the Enlarged Group for the past five (5) years preceding the Latest Practicable Date are set out below:

Name	Present Directorships	Past Directorships
Ms. Madeline Sam	<i>Enlarged Group companies</i> MCP Holdings (Thailand) Co., Ltd. <i>Other companies</i> N/A	<i>Enlarged Group companies</i> N/A <i>Other companies</i> - MC Payment (HK) Ltd

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Mr. Shawn Ching Wei Hung, a Proposed New Director, is the son of Mr. Ching, who is a Controlling Shareholder of the Company as at the Latest Practicable Date and will hold 73,663,612 Consolidated Shares, representing 28.09% of the Enlarged Share Capital. Save for the foregoing, as at the Latest Practicable Date, none of the Proposed Directors, Proposed Executive Officer or Substantial Shareholders of the Company has any family relationship with one another.

To the best of the Proposed Board of Directors' knowledge and belief, save for Mr. Shawn Ching Wei Hung, there is no arrangement or understanding with any Substantial Shareholders of the Company pursuant to which any of the Proposed Directors and Proposed Executive Officer were appointed.

Save for Mr. Anthony Koh and Mr. Kim, none of the Proposed Directors sits on the board of its principal subsidiaries that are based in jurisdictions other than Singapore.

18.8 **Material Background Information on the Proposed Directors, Proposed Executive Officer and Controlling Shareholder**

Save as disclosed below, none of the Proposed Directors, Proposed Executive Officer and Controlling Shareholder of the Company upon Completion:

- (a) had at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years from the date he ceased to be a partner;
- (b) had at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
- (c) has any unsatisfied judgment against him;
- (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable by imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
- (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) had at any time during the last 10 years, judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

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- (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;
- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or
- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Late disclosure of information relating to Across Asia Limited

Mr. Albert Cheok Saychuan was the independent director of AcrossAsia Limited (“**Across Asia**”), a company listed on Growth Enterprise Market of The Hong Kong Stock Exchange Limited from 2006 to 2016. In July 2015, the Market Misconduct Tribunal of Hong Kong (“**MMT**”) commenced proceedings against AcrossAsia, Mr. Albert Cheok Saychuan, the Chairman of AcrossAsia at the material time and Mr. Vicente Binalhay Ang, the Chief Executive Officer of AcrossAsia at the material time, for failing to disclose information about a petition filed by PT First Media Tbk (a subsidiary and major creditor of AcrossAsia) against AcrossAsia in Indonesia under the Indonesian Law on Bankruptcy and Suspension of Obligation for Payment of Debts, and the issuance by Central Jakarta District Court of a related court summons in late December 2012, as soon as reasonably practicable. The information was not disclosed until 17 January 2013.

On 7 November 2016, the MMT found AcrossAsia, Mr. Albert Cheok Saychuan and Mr. Vicente Binalhay Ang to have breached the disclosure requirement pursuant to section 307B(1) the Securities and Futures Ordinance of Hong Kong.

On 30 November 2016, the MMT handed down its written report of the proceedings dated 29 November 2016 wherein it was confirmed, amongst others, that the breach was not caused by either reckless or intentional misconduct of Mr. Albert Cheok Saychuan. The MMT noted that he had taken proactive steps and had behaved responsibly and diligently by attending hearing, arranging for legal advice and obtaining translations of the foreign judgement in order to facilitate

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the announcement of the relevant information. The MMT also concluded that the misconduct was “very much towards the bottom of the scale”, and disqualification orders were not considered against Mr. Albert Cheok Saychuan. Mr Albert Cheok Saychuan was ordered to: (i) pay a regulatory fine of HK\$800,000; (ii) undergo a training programme approved by the Securities and Futures Commission (“SFC”); and (iii) bear the costs incurred by the SFC and the Government up to 17 February 2016, equally with the other parties to the proceedings and 50% of those costs incurred thereafter.

Having considered the above conclusions by the MMT and that (a) Mr. Albert Cheok Saychuan has since continued to hold directorships in listed companies on the Australia, Hong Kong and Malaysia stock exchanges, and (b) Mr. Albert Cheok Saychuan is currently a Vice President of the Board of Governors of the Malaysian Institute of Corporate Governance (retiring with effect from 31 December 2020), the New Nominating Committee has found no reasons to believe that Mr. Albert Cheok Saychuan does not have the competence, character and integrity to fulfil his responsibilities as an independent director of a listed issuer.

Late disclosure of information relating to Metal Reclamation Bhd

Mr. Albert Cheok Saychuan was a non-executive director of Metal Reclamation Bhd (“MRB”) when it was listed on Bursa Malaysia Securities Berhad, from 1998 to 2015. On 2 September 2016, Bursa Malaysia Securities Berhad issued a public reprimand to MRB and imposed a fine of RM100,000 on Mr. Lim Cheng Sang (the sole executive director of MRB at the material time), for a breach of paragraph 9.03(1) read together with paragraph 9.04(I) of the Bursa’s Main Market Listing Rules when it failed to make an immediate announcement of the various defaults in payment of credit facilities by MRB’s wholly owned subsidiary, Metal Reclamation (Industries) Sdn. Bhd..

Bursa Malaysia stated in its press release dated 2 September 2016 that it was Mr. Lim Cheng Sang who had knowledge of the various defaults in payments, but had failed to discharge his obligation to ensure MRB made an immediate announcement. Mr. Lim Cheng Sang was named as the party primarily responsible for the financial management of MRB, and for assessing whether the defaults in payments required immediate announcement. Mr. Lim Cheng Sang only informed the MRB’s board of directors of the series of defaults (which occurred as early as 28 March 2014) on 28 August 2014 and an announcement was subsequently made by MRB on 2 September 2014.

Mr. Albert Cheok Saychuan was not the subject of the reprimand by Bursa Malaysia, nor was he named in the said press release by Bursa Malaysia. Mr. Albert Cheok Saychuan was also not subject to any penalties or disciplinary actions in connection with the abovementioned breach by MRB of Bursa’s Main Market Listing Rules.

Having considered the above and that (a) Mr. Albert Cheok Saychuan has since continued to be a director of listed companies listed on the Australia, Hong Kong and Malaysia stock exchanges; and (b) Mr. Albert Cheok Saychuan is currently a Vice President of the Board of Governors of the Malaysian Institute of Corporate Governance (retiring with effect from 31 December 2020); and (c) the absence of any other negative news in association with Mr. Albert Cheok Saychuan, the New Nominating Committee has found no reasons to doubt that Mr. Albert Cheok Saychuan has the competence, character and integrity to fulfill his responsibilities as an independent director of a listed issuer due to his previous directorship in MRB.

Q & M Dental Group (Singapore) Limited did not make timely disclosure of the change of its deemed interest in securities

Mr. Ng Weng Sui Harry has been the independent director of Q & M Dental Group (Singapore) Limited (“Q & M Dental”), a company listed on Main Board of the SGX-ST, since 2009. Q & M Dental had on 27 December 2012 announced that it had entered into a conditional sale and purchase agreement (“SMG SPA”) with two (2) controlling shareholders of Singapore Medical

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Group Limited (“**SMG**”) (the “**SMG Vendors**”) to acquire their aggregated 72.57% shareholding interests in SMG (“**SMG Acquisition**”). On 9 May 2013, Q & M Dental announced the termination of the SMG SPA after it was notified of the SMG Vendors’ breach of representations and warranties, and the parties were subsequently unable to reach an agreement to vary the consideration and other terms of the SMG SPA.

In August 2013, MAS sent a letter to Q & M Dental in connection with its failure to make timely disclosure of a change in its deemed interest in the securities of SMG within two (2) business days of such change. MAS reminded Q & M Dental of its obligations to comply with section 137 of the SFA and no further regulatory action was taken.

Mr. Ng Weng Sui Harry was not the subject of the letter by MAS and was also not subject to any penalties or disciplinary actions in connection with the abovementioned failure by Q & M Dental to make timely disclosure of a change in its deemed interest in the securities of SMG.

Having considered the above and that Mr. Ng Weng Sui Harry has since continued to hold directorships in listed companies on the SGX-ST (including remaining as an independent director of Q & M Dental), the New Nominating Committee (with Mr. Ng Weng Sui Harry recusing himself) has found no reasons to believe that Mr. Ng Weng Sui Harry does not have the competence, character and integrity to fulfil his responsibilities as a director of a listed issuer.

18.9 Remuneration of the Proposed Directors and Proposed Executive Officer

The amount of compensation paid or payable to the Proposed Directors and the Proposed Executive Officer for services rendered to the Enlarged Group during FY2018 and FY2019 (being the two (2) most recently completed financial years) and as estimated for FY2020 (excluding any bonus or profit-sharing plan or any other profit-linked arrangement), in bands of S\$250,000 per annum (including any benefits in kind and any deferred compensation accrued for the financial year in question and payable at a later date) are set out as follows:

Name	FY2018 ⁽¹⁾	FY2019 ⁽¹⁾	FY2020 ⁽¹⁾ (estimated)
Proposed Board of Directors			
Mr. Albert Saychuan Cheok	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾
Mr. Anthony Koh	A	A	B
Mr. Kim	A	A	A
Mr. Ng Weng Sui Harry	A	A	A
Mr. Shawn Ching Wei Hung	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾
Mr. Kesavan Nair	A	A	A
Dr. Lillian Koh	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾
Proposed Executive Officer			
Ms. Madeline Sam	A	A	A

Notes:

- (1) Band A: Compensation of up to S\$250,000 per annum. Band B: Compensation from S\$250,001 to S\$500,000 per annum.
- (2) Not appointed during the relevant period.

Other than in respect of contributions which are mandated by the relevant laws, no amounts have been set aside or accrued to provide for pension, retirement or similar benefits to the Proposed Directors or the Proposed Executive Officer of the Enlarged Group.

Save as disclosed in Section 18.11 of this Circular, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between the Enlarged Group and any of the Proposed Directors, Proposed Executive Officer or its employees.

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18.10 Remuneration of Related Employees

As at the Latest Practicable Date, there are no employees of the Target Group that are related to the Proposed Directors, proposed Chief Executive Officer or Substantial Shareholders of the Company.

Any new employment of related employees and the proposed terms of their employment will be subject to the review and approval of the New Nominating Committee. The remuneration of such related employees will be determined on the same basis as those of unrelated employees. The remuneration of such related employees will be reviewed annually by the New Remuneration Committee to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of the New Remuneration Committee. In the event that a member of the New Remuneration Committee or New Nominating Committee is related to the employee under review, he will abstain from the review.

18.11 Service Agreements

The Service Agreement of each of Mr. Anthony Koh and Mr. Kim provides for compensation in the form of (a) fixed monthly salary of S\$30,000 and S\$12,500 respectively, and (b) an annual incentive bonus based on the Enlarged Group's profits before tax ("**PBT**") as follows:

PBT (S\$m)	Computation of Incentive Bonus		Maximum Bonus (S\$)	
	Mr. Anthony Koh	Mr. Kim	Mr. Anthony Koh	Mr. Kim
PBT ≤ S\$2.0m	4% of PBT	1% of PBT	80,000	20,000
S\$2.0m < PBT ≤ S\$4.0m	S\$80,000 plus 5% of PBT above S\$2.0m	S\$20,000 plus 2% of PBT above S\$2.0m	180,000	60,000
>S\$4.0m	S\$180,000 plus 6% of PBT above S\$4.0m	S\$60,000 plus 3% of PBT above S\$4.0m	>180,000	>60,000

Mr. Anthony Koh and Mr. Kim's Service Agreements have an initial term of three (3) and two (2) years, respectively (the "**Initial Term**") commencing from the date of Completion of the Proposed Acquisition, unless earlier determined pursuant to the provisions of the Service Agreement. Upon expiry of the Initial Term, the Service Agreement shall be automatically renewed on a yearly basis thereafter unless terminated in accordance with the termination provisions of the Service Agreements. The termination provisions provide that either party to the Service Agreement may terminate the agreement by giving six (6) months' (in respect of Mr. Anthony Koh) and three (3) months' (in respect of Mr. Kim) prior written notice to the other party or by the Company paying six (6) months' (in respect of Mr. Anthony Koh) and three (3) months' (in respect of Mr. Kim) salary in lieu of notice. The Company may also terminate his employment immediately, without notice, under certain specified conditions, which include, among others, him being convicted of any offence (save for an offence under road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment or an offence which in the reasonable opinion of the Board does not affect his position in the Company) or has any judgement, including findings in relation to fraud, misrepresentation or dishonesty, given against him, whether or not in connection with or referable to his employment, him flagrantly or persistently failing to observe and perform any of the duties and responsibilities imposed by the Service Agreement or which are imposed by any laws, regulations or administrative directions, whether having the force of law or otherwise, him continuing to commit any breach of or default under his service agreement, including if he neglects or refuses, without reasonable cause, to attend to the business of the Enlarged Group to which he is assigned duties.

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Pursuant to the Service Agreements, each of Mr. Anthony Koh and Mr. Kim has undertaken that for so long as he is an employee of the Company and for the period of 12 months from the date he ceases to be an employee of the Company, he will not *inter alia*:

- (a) participate in the business of the provision of merchant payment services and digital commerce enabling solutions in the FinTech industry and/or such other business conducted or to be conducted by the Enlarged Group (“**Business**”), within Singapore, Malaysia, Indonesia, Thailand and/or any other city or municipality in any country in which the Enlarged Group carries on the Business;
- (b) either on his own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from the Enlarged Group, the customer of any person, firm, company or organisation who shall at any time during the period of 12 months prior to the date he ceases to be an employee of the Company have been a customer, client, agent or correspondent of the Enlarged Group or in the habit of dealing with the Enlarged Group; and
- (c) be interested in: (i) any business or asset in which any member of the Enlarged Group was during the term of his employment considering to acquire, turn to account, develop or invest, unless the Enlarged Group shall have decided against such acquisition, turning to account, development or investment or invited him or his Associates in writing to participate in, or consented to in writing to him or his Associates’ acquisition, turning to account or development of or investment in, such business or asset; or (ii) any asset of any member of the Enlarged Group, unless such asset is offered by the relevant member of the Enlarged Group for sale to, turning to account or development by third parties.

The Service Agreements also contain restrictions on the disclosure of confidential information of the Enlarged Group, including trade secrets and information relating to clients of the Enlarged Group.

Had the Service Agreements been in place with effect from FY2019, the aggregate remuneration paid to the proposed Executive Directors for FY2019 would have been approximately S\$0.6 million instead of approximately S\$0.4 million and the Target Group’s loss before tax for FY2019 would have increased from approximately S\$1.5 million to approximately S\$1.8 million.

Save for Mr. Anthony Koh and Mr. Kim, the Company has not entered into a service agreement with any of the Proposed Directors.

None of the Proposed Directors has entered, or proposes to enter, into service agreements with the Company or any subsidiary or subsidiary entity of the Enlarged Group which provides for compensation in the form of stock options, or pension, retirement or other similar benefits, or other benefits upon termination of employment.

19 **DIVIDEND POLICY**

As at the Latest Practicable Date, the Enlarged Group does not have any dividend policy. The declaration and payment of future dividends will be determined at the sole discretion of the Directors, subject to Shareholders’ approval (if required), and will depend on the Enlarged Group’s operating results, financial position, other cash requirements including working capital, capital expenditure, the terms of borrowing arrangements (if any), expansion plans and other factors deemed relevant.

In making their recommendations, the Proposed Board of Directors will consider, amongst others, the Enlarged Group’s future earnings, operations, capital requirements, cash flow and financial condition, as well as general business conditions and other factors which the Proposed Board of Directors may consider appropriate.

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The Target Group has not declared or paid any dividends for FY2017, FY2018, FY2019, 1H2020 and from 1 July 2020 to the Latest Practicable Date.

20 CORPORATE GOVERNANCE

The Enlarged Group will adopt corporate governance practices which are based on the best practices outlined in the Code of Corporate Governance 2018.

20.1 New Audit Committee

Following Completion, it is intended that the Audit Committee be reconstituted. The New Audit Committee will comprise Mr. Albert Cheok Saychuan, Mr. Ng Weng Sui Harry and Dr. Lillian Koh. The Chairman of the New Audit Committee will be Mr. Albert Cheok Saychuan.

The New Audit Committee will assist the Board with regards to discharging its responsibility to safeguard the Enlarged Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls with an overall objective to ensure that management has created and maintained an effective control environment in the Enlarged Group.

The New Audit Committee shall meet periodically to perform the following functions, *inter alia*:

- (a) assist the Board in the discharge of its responsibilities on financial reporting matters;
- (b) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and management's response, and results of audits compiled by the Enlarged Group's internal and external auditors;
- (c) review the half-yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
- (d) review the effectiveness and adequacy of the Enlarged Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, and ensure coordination between the Enlarged Group's internal and external auditors, and management, reviewing the assistance given by management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary);
- (e) review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit;
- (f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Enlarged Group's operating results or financial position;
- (g) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or which is likely to have a material impact on the Enlarged Group's operating results and/or financial position;

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- (h) make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the internal and external auditors, and the remuneration and terms of engagement of the internal and external auditors;
- (i) review the assurance from the Chief Executive Officer and Group Chief Financial Officer on the financial records and financial statements of the Enlarged Group;
- (j) review significant financial reporting issues and judgements with the Group Chief Financial Officer and the external auditors so as to ensure the integrity of the financial statements of the Enlarged Group and any announcements relating to the Enlarged Group's financial performance before their submission to the Board;
- (k) to review and report to the Board at least annually the adequacy and effectiveness of the Enlarged Group's internal controls with the Group Chief Financial Officer and the internal and external auditors, including financial, operational, compliance and information technology controls, and risk management systems via reviews carried out by the internal auditors;
- (l) review policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, to ensure that such policies and arrangements continue to be in place for independent investigation and appropriate follow-up, and to ensure that the Company publicly discloses, and clearly communicates to employees the existence of a whistle-blowing policy and the procedures for raising such concerns;
- (m) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- (n) set out a framework to resolve or mitigate any potential conflicts of interest as well as monitor compliance with such framework;
- (o) review and approve all hedging policies and instruments (if any) to be implemented by the Enlarged Group;
- (p) review the Enlarged Group's financial risk areas, with a view to providing an independent oversight on the Enlarged Group's financial report, with the outcome of such review to be disclosed in the annual reports, or if the findings are material, to be immediately announced via SGXNET;
- (q) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the New Audit Committee;
- (r) review and establish procedures for receipt, retention and treatment of complaints received by the Enlarged Group of, *inter alia*, criminal offences involving the Enlarged Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Enlarged Group; and
- (s) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The New Audit Committee will meet, at a minimum, once every six months. Apart from the duties listed above, the New Audit Committee will engage an independent firm as internal auditor to conduct an annual internal controls audit to ensure the adequacy, sufficiency, robustness and effectiveness of the Enlarged Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. Upon the completion of an internal control audit, the Board shall make the appropriate disclosures via the SGXNET of any weaknesses in the Enlarged Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by the Board.

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In the event that a member of the New Audit Committee is interested in any matter being considered by the New Audit Committee, he will abstain from reviewing and deliberating on that particular matter or voting on that particular transaction.

Based on the internal controls and risk management framework established and maintained by the Target Group, the work performed by the internal and external auditors and reviews performed by management of the Target Group, the Proposed Board of Directors, after making all reasonable enquiries and to the best of their knowledge and belief, with the concurrence of the New Audit Committee, is of the opinion that the risk management systems and internal controls, including financial, operational, compliance and information technology controls, of the Enlarged Group are adequate and effective to address financial, operational, compliance and information technology risks of the Enlarged Group.

The Proposed Board of Directors notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Enlarged Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Proposed Board of Directors also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Suitability of the Group Chief Financial Officer of the Enlarged Group

In considering the suitability of Ms. Madeline Sam for her role as the Group Chief Financial Officer, the New Audit Committee has considered several factors, including her qualifications and experience, the accounting reporting structure, the team that supports and reports to her and the interactions the New Audit Committee had with Ms. Madeline Sam. In particular, the New Audit Committee is of the view that Ms. Madeline Sam is a valuable member of the management team and will carry out her responsibilities with respect to the finance and accounting functions of the Enlarged Group competently, taking into consideration the following:

- (a) Ms. Madeline Sam has more than 20 years of working experience in accounting;
- (b) Ms. Madeline Sam is a member of the Institute of Singapore Chartered Accountants;
- (c) Ms. Madeline Sam has demonstrated her knowledge and experience in accounting and financial reporting;
- (d) the absence of negative feedback on Ms. Madeline Sam from the Independent Auditors to the Target Group and Reporting Accountants to the Enlarged Group, KPMG LLP; and
- (e) the observations raised by internal auditors in their review of the internal controls of the Target Group.

Having regard to the above and after making all reasonable enquiries, to the best of its knowledge and belief, nothing has come to the New Audit Committee's attention to cause it to believe that Ms. Madeline Sam does not have the competence, character and integrity expected of a chief financial officer (or its equivalent rank) of the Enlarged Group.

20.2 **New Remuneration Committee**

Following Completion, it is intended that the Remuneration Committee be reconstituted. The New Remuneration Committee will comprise Mr. Kesavan Nair, Mr. Albert Cheok Saychuan and Mr. Shawn Ching Wei Hung. The Chairman of the New Remuneration Committee will be Mr. Kesavan Nair.

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The role of the New Remuneration Committee is to review and recommend to the Board a framework of remuneration for the Directors and Proposed Executive Officer, and specific remuneration package for the Directors and the Proposed Executive Officer. The quantum of the bonus of the Executive Directors will be subject to the approval of the New Remuneration Committee. The bonus for the Proposed Executive Officer will be determined by the Executive Director and Chief Executive Officer, subject to the review of the New Remuneration Committee.

The New Remuneration Committee's recommendations shall then be submitted for endorsement by the Board. The scope of responsibilities of the New Remuneration Committee encompasses all aspects of remuneration, including but not limited to, the Board's and Group Chief Financial Officer's fees, salaries, allowances, bonuses, options and benefits in kind. The New Remuneration Committee shall also review the remuneration of employees related to the Board, Chief Executive Officer or Substantial Shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines of the Company and commensurate with their respective job scopes and level of responsibility.

Each member of the New Remuneration Committee shall abstain from voting on any resolutions, making recommendations and/or participating in any deliberations of the New Remuneration Committee in respect of his remuneration package or that of employees related to him (if any).

20.3 New Nominating Committee

Following Completion, it is intended that the Nominating Committee be reconstituted. The New Nominating Committee will comprise Dr. Lillian Koh, Mr. Kesavan Nair and Mr. Ng Weng Sui Harry. The Chairman of the New Nominating Committee will be Dr. Lillian Koh.

The New Nominating Committee will be responsible for the following functions, *inter alia*:

- (a) reviewing and approving any employment of persons related to the Directors, Chief Executive Officer or Substantial Shareholders of the Company and proposed terms of their employment;
- (b) re-nomination of the Directors for re-election in accordance with the Company's Constitution at each annual general meeting and having regard to the Director's contribution and performance;
- (c) determining annually whether or not a Director is independent;
- (d) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director;
- (e) reviewing the succession plans for Directors, in particular the appointment and/or replacement of the Chairman, Chief Executive Officer and key management personnel; and
- (f) reviewing the training and professional development programmes for the Board and the Directors.

The New Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term Shareholders' value. The New Nominating Committee will also assess the effectiveness of the Board as a whole and each Board committee and the contribution by each individual Director to the effectiveness of the Board.

Each member of the New Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director. In the event that any member of the New Nominating Committee has an interest in a matter being deliberated upon by the New Nominating Committee, he or her will abstain from participating in the review and approval process relating to that matter.

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The New Nominating Committee, after having considered the following:

- (a) the principal occupation and commitments of the Proposed Independent Directors, including the number of listed company board representations that each of them has;
- (b) the confirmation by each of the Proposed Independent Directors that they are able to devote sufficient time and attention to the matters of the Enlarged Group;
- (c) the professional experience and expertise of the Proposed Independent Directors;
- (d) the confirmation by each of the Proposed Independent Directors that they are not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Controlling Shareholders of the Company or the Target Group, has no material relationship with the Company or the Target Group (past and present), its related corporations or with any directors of these corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of his or her independent business judgement in the best interest of the Company, and
- (e) the composition of the Proposed Board of Directors,

is of the view that Mr. Albert Cheok Saychuan, Mr. Kesavan Nair and Dr. Lillian Koh are able to commit sufficient time, attention and resources to discharge their respective duties, and are suitable and possess the relevant experience to serve as independent Directors of the Company.

21. RISK FACTORS

The Enlarged Group is exposed to a number of possible risks that may arise from political, social, economic, business, market and financial factors and developments that may have a material and adverse effect on its future performance.

Shareholders and prospective investors should carefully consider and evaluate each of the following risk factors and all other information contained in this Circular. Shareholders and prospective investors should seek professional advice from their own legal, financial, tax or other professional adviser(s).

To the best of the knowledge and belief of the Proposed Board of Directors, all risk factors which are material to Shareholders and prospective investors in making an informed judgement of the Target Group and the Enlarged Group have been set out below. However, the risks described below are not the only ones that the Target Group and the Enlarged Group face. Additional risks not presently known to the Group and the Target Group or that the Group and the Target Group currently deem immaterial may also impair business operations. The business, financial condition, results of operations and prospects of the Group, the Target Group and the Enlarged Group could be materially and adversely affected by any of these risks if they develop into actual events. The market price of the Shares could decline due to any of these risks and you may lose all or part of your investment.

This Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group's, the Target Group's and the Enlarged Group's operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks the Group, the Target Group and the Enlarged Group face as described below and elsewhere in this Circular. Please refer to the section headed "Cautionary Note Regarding Forward-Looking Statements" of this Circular.

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21.1 Risks Relating to the Target Group

The Target Group was loss-making, had negative operating cash flow, had negative working capital and was in negative equity position during the Period Under Review. The Target Group is expected to be in a net loss position for FY2020 and may continue to experience negative working capital

The Target Group recorded loss before tax of S\$4.1 million, S\$8.4 million, and S\$1.6 million respectively for FY2017, FY2018 and FY2019. Although the Target Group had recorded profit before tax of S\$0.7 million in 1H2020, there can be no assurance that the Target Group will be able to maintain its profitability in the future. The Target Group is expected to be in a loss position for FY2020. For further details, please refer to the section entitled “Prospects, Trends and Future Plans - Trends” in Appendix A to this Circular. The Target Group’s subsidiary, MCP Thailand recorded loss before tax of S\$0.3 million, S\$0.4 million, S\$0.4 million and S\$0.2 million in FY2017, FY2018, FY2019 and 1H2020 respectively. MCP Thailand may continue to be loss-making and there can be no assurance that it will be profitable in the future.

The Target Group expects operating expenses to increase in the future in connection with the continued development and expansion of its business operations. Further, subsequent to the Completion, the Target Group may incur additional legal, accounting, and other expenses which it may not have previously incurred as a private company.

The Target Group recorded negative operating cash flow of S\$3.4 million and S\$7.1 million in FY2017 and FY2018, respectively. Although the Target Group had generated positive operating cash flow in FY2019 and 1H2020, there can be no assurance that the Target Group will continue to be able to do so.

The Target Group recorded negative working capital of S\$5.2 million, S\$5.6 million and S\$3.1 million as at 31 December 2017, 31 December 2018 and 31 June 2020 respectively. In addition, the Target Group was in a negative equity position of S\$1.9 million, S\$4.7 million, S\$2.4 million and S\$1.7 million as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020 respectively. Accordingly, the Target Group is subject to the risk that its assets will be insufficient to meet its obligations under its liabilities. Please refer to the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” in Appendix A to this Circular for more details on the Target Group’s working capital and equity position.

As at the Latest Practicable Date, the Target Group expects to be in a net cash burn position (revenue less cash operating expenses) in FY2020 and may continue to be in a net cash burn position in FY2021. In the event that the negative working capital increases significantly, the Target Group continues to be in negative equity position and/or revenue generated from the Target Group’s operations prove insufficient for its working capital needs, the Enlarged Group may need to access the capital markets for debt or equity financing to fund its business operations. Additional financing may result in a dilution of existing Shareholders’ shareholdings. Alternatively, the Target Group may be required to source for financing through bank loans, credit facilities or the issuance of debt instruments, and there is no assurance that the Target Group will be able to obtain any additional financing on terms that are acceptable to it or at all. If the Target Group is unable to obtain such financing, the business operations, financial condition, results of operations and prospects of the Target Group may be materially and adversely affected.

The Target Group requires various licences and permits to operate its business

The Target Group is required to obtain various licences and permits for its merchant acquisition business activities (please refer to the paragraph headed “Government Regulations, Permits and Licences” of Appendix A to this Circular for further details). The licences and permits are generally subject to conditions stipulated therein and/or relevant laws and regulations under which such licences and permits are issued. In addition, as a payments service provider regulated by the MAS, the Target Group would need to continuously comply with guidelines

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issued by the MAS. Failure to comply with such conditions or guidelines can result in the revocation or non-renewal of the relevant licence or permit. As such, the Target Group has to constantly monitor and ensure that it complies with such conditions and guidelines. In addition, any changes to the existing laws and regulations may require the Target Group to apply for new approvals, licences and/or permits and there is no assurance that it will be able to obtain these new approvals, licences and/or permits.

On 14 January 2019, Singapore passed the Payments Services Act (“**PS Act**”) which has come into operation on 1 January 2020. Under the PS Act, an entity must be licensed if it engages in the provision of payment services (which includes, *inter alia*, merchant acquisition services). The Target has on 1 December 2020 obtained the MPI licence (“**MPI Licence**”), to conduct payment services comprising domestic money transfer service, cross-border money transfer service and merchant acquisition service, further details of which are set out in the paragraph headed “Government Regulations, Permits and Licences – Permits and licences” of Appendix A to this Circular.

Should there be any failure to comply with such conditions and guidelines resulting in the suspension, revocation or non-renewal of any of the Target Group’s licences and permits or the Target Group failing to obtain the relevant licences, the Target Group may not be able to carry on with its operations. In such an event, the business operations, financial condition, results of operations and prospects of the Target Group may be materially and adversely affected.

The Target Group’s growth depends on its ability to retain existing merchants, attract new merchants, and increase the volume of payments processed through its payment platforms

The growth of the Target Group’s business depends on its ability to retain existing merchants, attract new merchants as well as increase the volume of payments processed through its payment platforms by existing merchants and new merchants.

In respect of the current business relationships the Target Group has with merchants, wherein certain of the Target Group’s merchants have integrated the Target Group’s platform with their back-end systems and processes which results in greater “stickiness” and increased use of the Target Group’s services and products, there can be no guarantee that such relationships will continue or be sustained. The Target Group’s merchant contracts generally allow merchants to terminate the contract at any time following a limited notice period (usually one (1) month). In addition, under these standard merchant contracts, the Target Group’s merchants are not subject to any minimum sales / transaction volume commitments and merchants are under no obligation to continue to use the Target Group’s services for a fixed period of time. A merchant’s payment processing activity may also decrease for a variety of reasons, including the merchant’s level of satisfaction with the Target Group’s platforms, products and services, the pricing, efficiency and quality of competing platforms or services, the effects of global economic conditions, or reductions in the merchant’s customer’s spending levels. Further, the costs of switching to a competing payment processing service provider or developing an in-house platform may not be significant enough to prevent a merchant from switching, especially for larger merchants who may engage more than one payment service provider at any one time. In addition, the Target Group may decide to cease business relations with certain merchants in the event of unsatisfactory results from its periodic risk assessment reviews. Consequently, the Target Group cannot assure potential investors that business relations with existing merchants will continue, that existing merchants will continue to use its services, that the Target Group will decide to continue business relations with its merchants, or that the Target Group will be able to continue to increase transaction volumes at the same rate as it has in the past.

In addition, while the Target Group’s revenue is not currently reliant on any one merchant, merchant revenue is not as diversified as it might be for more mature businesses. The loss of even a small number of existing merchants and/or a decrease in the Target Group’s processed sale/ transaction volumes may materially and adversely impact the Target Group’s revenue and profitability.

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Accordingly, the business operations, financial condition, results of operations and prospects of the Target Group may be materially and adversely affected if it is unable to retain existing merchants, attract new merchants, and increase the transaction volume it processes for such merchants.

The Target Group is required to comply with various legal and industry compliance standards and the rules of its various payment systems partners

The Target Group is subject to a range of legal and industry compliance requirements that are constantly changing. In particular, the Target Group processes, stores and uses personal information and other data which subjects it to regulations and other legal obligations relating to privacy and data protection. If the security measures of the Target Group's data centres and networks are compromised, proprietary information of its merchants, customers or information belonging to them may be misappropriated. In addition, as a payments service provider regulated by the MAS, the Target Group would need to continuously comply with guidelines issued by the MAS. In addition, the Target Group may become subject to additional legal or regulatory requirements if its business operations expand in the future or if the regulations applicable within the jurisdictions in which it operates are amended.

The Target Group is also required to comply with the requirements of its various partners which provide payment methods ("**Payment Providers**"), including, for instance, the requirement for the Target Group to meet the Payment Card Industry Data Security Standard (PCI DSS), an information security standard for organisations that handle branded credit cards under their payment systems. While the Target Group has never failed an audit in connection therewith, there can be no assurance that the Target Group will continue to maintain the same. There is also a risk that additional or amended legal or industry compliance standards or the rules of its various payment systems partners, and industry compliance standards, may make it uneconomic for the Target Group to continue to operate, or to expand in accordance with its strategy.

There is also a risk that if the Target Group fails to comply with the various legal and industry compliance requirements, it may result in significantly increased compliance costs, cessation of certain business activities or the ability to conduct business, suspension, revocation or non-renewal of the Target Group's licences and permits, litigation or regulatory enquiry or investigation and significant reputational damage.

Should there be any failure to comply with the various legal and industry compliance standards and the requirements of the relevant Payment Providers, the Target Group's business operations, financial condition, results of operations and prospects may be materially and adversely affected.

The Target Group participates in a competitive industry

The Target Group participates in a competitive environment that is constantly and rapidly evolving. In particular, the average fee for technology providers and merchant payment services has been consistently decreasing with the entry of more market participants. While its major competitors are other FinTech companies and merchant payment service providers, the Target Group also faces competition from international and domestic technology consulting firms, captive divisions of large multi-national technology firms, financial services firms, technology firms, software companies and in-house technology departments of large corporations. The Target Group competes (directly and indirectly) with them based on, amongst other things, brand image, variety of platforms, products and services, quality, and price. The Target Group's competitors may have greater financial, technical and marketing resources, stronger brand name recognition, more extensive existing merchant base, larger number of technology partners or are better entrenched in markets that the Target Group operates in or which the Target Group ventures into in the future. In addition, the Target Group's competitors may have the ability to respond more quickly to new or emerging technologies, may adapt more quickly to changes in merchants' requirements and may devote greater resources to the provision, promotion and sales of their platforms, products and services. The FinTech, merchant payment services and digital commerce enabling solutions industries also experienced rapid changes that are affecting

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the competitive landscape, including recent corporate mergers and acquisitions that have resulted in consolidation within the industry. These changes may result in larger competitors with even more significant resources. There is no assurance that the Target Group will be able to continue competing successfully against its present and future competitors. Increased competition may also force the Target Group to lower its prices. The Target Group may also face price cutting pressure from its competitors in its bid to maintain or expand its market share.

If the Target Group is unable to respond to industry changes with appropriate measures, its market share may decline and its profitability and financial performance will be adversely affected. If the Target Group is unable to compete effectively with existing or new competitors in the future, particularly, in light of the changing and competitive market environment, the business operations, financial condition, results of operations and prospects of the Target Group may be materially and adversely affected.

Fraudulent and fictitious transactions or transactions relating to money laundering or financing of terrorism may pose severe challenges to the Target Group

The Target Group offers MPS and may be liable for fraudulent transactions by merchants, in particular, fraudulent chargeback and use of counterfeit accounts. Methods used to engage in illegal activities, such as counterfeiting and fraud, have become increasingly sophisticated, and incidents may increase in future. While the Target Group has not encountered any fraudulent transactions by merchants which have resulted in a material adverse impact on its results of operations, financial condition and operations during the Period Under Review and up to the Latest Practicable Date and currently has measures to detect and minimise the risks thereof (such as withholding a percentage of payments processed until a later time and date), it is necessary that such measures are continuously improved on in order to remain effective against ever-changing threats, and this may result in the Target Group incurring substantial costs in this regard. Further, while the Target Group conducts internal due diligence assessments and has established internal processes to safeguard against fraudulent and fictitious transactions, there is no assurance that the Target Group will not fall victim to or become associated with deliberate fictitious and fraudulent transactions. Additionally, in the provision of merchant payment services, the Target Group is also subject to inherent risk of exposure to transactions related to money laundering or financing of terrorism. Failure to effectively identify and address such risks could lead to losses, regulatory penalties or even regulatory restriction, and consequently, the reputation, business operations, financial condition, results of operations and prospects of the Target Group may be materially and adversely affected.

Market, economic and other conditions in the jurisdictions in which the Target Group operates may adversely impact the demand for its platforms, products and services

The FinTech, MPS and DCES industries in which the Target Group operates depends upon the economy and consumer spending. A sustained economic downturn and/or reductions in disposable income in households may reduce the number of merchants and/or customers which would require the Target Group's services, especially smaller merchants and/or customers who are more susceptible to adverse changes in the market, economic and regulatory environment. Adverse market conditions may thus affect the business operations, financial condition, results of operations and prospects of the Target Group.

The Target Group's business operations are subject to regulatory, economic, social, political, and competitive conditions of the countries the Target Group operates in

The Target Group (including its associated company) operates in Singapore, Malaysia, Thailand and Indonesia, which makes it sensitive to, amongst others, regulatory, social, political, economic and competitive conditions, and changes therein that are beyond its control. Any change thereto may have a material and adverse effect on its business operations, financial position, results of operations and prospects. The Target Group's business faces risks which include the following:

- (a) laws and policies affecting trade, investment and taxes, including laws and policies relating to foreign ownership, repatriation of funds and withholding taxes, and changes in these laws;

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- (b) inflation, interest rates and general conditions;
- (c) changes in local regulatory requirements;
- (d) differing degrees of protection for intellectual property;
- (e) the instability of foreign economies and governments;
- (f) policies governing world trade;
- (g) fluctuating foreign exchange rates;
- (h) the spread of communicable diseases in such jurisdictions, which may impact business in such jurisdictions; and
- (i) natural disasters, war and acts of terrorism.

An adverse development related to any of the abovementioned factors and other risks associated with international trade may have a material and adverse effect on the Target Group's business operations, financial condition, results of operations and prospects if it is unable to adapt its business strategies or operations accordingly.

The Target Group is dependent on its ability to attract and retain skilled and experienced personnel

The Target Group requires skilled and experienced personnel for its operations and to ensure its continued success. In particular, it is dependent on its ability to attract and retain skilled and experienced software developers. The Target Group's inability to do so may constrain its growth and competitiveness. The demand for such personnel is intense and there can be no assurance that it will be able to attract or retain skilled and experienced personnel.

All of the Target Group's skilled and experienced personnel are employed on employment contracts but there is no assurance that they will not leave or terminate their employment with the Target Group.

Although the Target Group has not encountered any material issues arising in respect of the foregoing, in the event that it is unable to successfully attract and retain skilled and experienced personnel, its business operations, financial condition, results of operations and prospects may be materially and adversely affected. Additionally, if any of the Target Group's skilled and experienced personnel were to join a competitor or form a competing company, it may lose know-how, trade secrets, merchants, customers and staff.

Rapid changes in technology and Payment Provider and/or merchant requirements may affect the Target Group's business

The Target Group participates in a competitive environment that is constantly and rapidly evolving.

The FinTech, MPS and DCES industries are also subject to rapid changes in customer preferences with respect to card and payment schemes and/or the payment methods offered by Payment Providers. The Target Group may not be able to respond with appropriate measures, and there is no assurance that the Target Group will be able to continue to compete successfully against its present and future competitors.

In addition, the Target Group's competitors may have the ability to respond more quickly to new or emerging technologies, may adapt more quickly to changes in merchants' and/or Payment Providers' requirements and may devote greater resources to the promotion and sales of their products.

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If the Target Group is unable to compete effectively with existing or new competitors in the future, particularly, in light of the changing and competitive market environment, the business operations, financial condition, results of operations and prospects of the Target Group may be materially and adversely affected.

The Target Group may not be able to comply with merchants' and/or customers' specifications and may be affected by customer complaints and negative publicity

The Target Group provides merchant payment services and develops various custom industry-specific solutions through which it integrates its payment services for various industry verticals and business solutions. Consequently, the Target Group's platforms, products and services may be critical to the operations of its merchants' and customers' businesses. This exposes the Target Group to liability for issues with its platforms, products and services, and any failure thereof could result in a claim for substantial damages.

Notwithstanding that the Target Group has not encountered any customer complaints and negative publicity which have resulted in a material adverse impact on its results of operations, financial condition and operations during the Period Under Review and up to the Latest Practicable Date, as the Target Group is dependent on its reputation and the quality of its platforms, products and services for the continued growth of its business, failure to consistently deliver quality platforms, products and services necessary to develop and maintain its reputation may materially and adversely affect future business growth. In addition to complaints arising from issues or failure to comply with specifications, the Target Group may also be subject to other complaints, whether valid or invalid, about its platforms, products and services, and may also be affected by negative publicity stemming from the publication of industry findings and research reports concerning its platforms, products and services. Such complaints and negative publicity will affect the Target Group's brand image and the adoption of its platforms, products and services.

The Target Group may be affected by delays in disbursement of transaction monies by Payment Providers

The Target Group may experience delays by the Payment Providers to disburse the transaction monies collected from end-customers. Notwithstanding such delays, the Target Group has obligations to transfer the transaction monies to the relevant merchants according to the stipulated timelines under the respective merchant service agreements. Accordingly, any delays by the Payment Providers to disburse transaction monies to the Target Group may have a material adverse impact on the cash flow and working capital of the Target Group.

During the period between October 2019 and December 2019, receivables from PP A (as defined herein) amounted to approximately S\$2.4 million, and such monies have remained outstanding as at the Latest Practicable Date. The Target Group is in the midst of negotiating a settlement agreement with the PP Shareholder (as defined herein) and will use its best endeavours to finalise the settlement agreement prior to Completion. In the event that the settlement agreement is not executed or the monies are not received, the Target Group may have to make an allowance for the impairment of the receivables and this will have a material adverse impact on the Target Group's results of operations and financial condition. Please refer to the paragraph entitled "Credit Management" in Appendix A to this Circular for further details.

The Target Group may inadvertently infringe third-party intellectual property rights or may not be able to protect its intellectual property rights

The Target Group provides MPS through its in-house developed platforms, products and services, and develops various custom industry-specific solutions through which it integrates its payment services for various industry verticals. While there have not been any material litigation or legal proceedings relating to the infringement of third-party intellectual property rights during the Period Under Review and up to the Latest Practicable Date, there can be no assurance that the platforms, products and services developed by the Target Group (including those which are provided in accordance with the Target Group's merchants' and customers' requirements

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and specifications) would not inadvertently infringe the intellectual property rights of others, or that others would not assert infringement claims against the Target Group or claim that it has infringed their intellectual property rights. Such claims, even if untrue or baseless, may result in significant costs, legal or otherwise, cause disruptions and delays, require the Target Group to provide non-infringing products, modify its business processes or enter into licensing agreements or cause significant reputational damage. Licensing agreements, if required, may not be available on terms acceptable to the Target Group or at all. In the event of a successful claim of infringement of intellectual property rights against the Target Group and its failure or inability to provide non-infringing products or to license the infringed intellectual property rights in a timely or cost-effective manner, the business operations, financial condition, results of operations and prospects of the Target Group may be materially and adversely affected. Conversely, there can be no assurance that the Target Group's intellectual property rights will not be susceptible to imitation or other forms of infringement. In the event that the Target Group's intellectual property rights are imitated or otherwise infringed, there may be significant reputational damage. If the Target Group is unable to effectively protect its intellectual property rights, or is compelled to undertake litigation to protect the same, the business operations, financial condition, results of operations and prospects of the Target Group may be materially and adversely affected.

The Target Group's business and operations may be materially and adversely affected due to the recent global pandemic outbreak of COVID-19

In respect of the recent outbreak of COVID-19 around the world, there is no assurance that the pandemic will not be prolonged. The number of confirmed cases of COVID-19 has surged in Singapore in April 2020 which had prompted the Singapore government to promulgate new legislations such as the COVID-19 (Temporary Measures) Act 2020 (the "**COVID-19 Act**") to address the COVID-19 situation in Singapore. Under the COVID-19 Act, the Minister for Health has made the Control Order Regulations to reduce the risk of further transmission of COVID-19 in Singapore on top of the travel restrictions and safe distancing measures which were introduced in Singapore in March 2020. Pursuant to the Control Order Regulations, an elevated set of safe distancing measures were implemented from 7 April 2020 to 1 June 2020 (the "**Circuit Breaker Period**") as a circuit breaker to flatten the curve of the number of local transmissions of COVID-19 (the "**Circuit Breaker Measures**"). The Circuit Breaker Measures include closing most physical workplace premises and suspending all business, social and other activities that cannot be conducted through telecommuting from home, save for those providing essential services and in selected economic sectors which are critical for the local and global supply chains in Singapore. The outbreak of COVID-19 may have a material adverse impact on the global and regional economies as well as the local economy of Singapore where the vast majority of its customers are based, thereby lowering the demand for the Target Group's MPS and DCES services, especially for its customers operating solely or primarily out of brick and mortar shops which would have had to cease operations entirely during the Circuit Breaker Period. This would in turn result in the Target Group's business, financial conditions, results of operations and prospects being materially and adversely affected.

In addition, if any of the Target Group's employees are suspected of having contracted COVID-19, some or all of its employees may be quarantined and the Target Group will be required to disinfect its workplace and work sites. In the event that the Target Group's employees are placed under quarantine orders under the Infectious Diseases Act (Chapter 137) of Singapore, it may face a shortage of manpower and its operations may be severely disrupted.

The Target Group is uncertain as to when the outbreak of COVID-19 will be contained, and it also cannot predict if the impact of the outbreak will be short-lived or long-lasting. If the outbreak of COVID-19 is not effectively controlled within a short period of time, the Target Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

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The Target Group's business may be adversely affected by exchange rate fluctuations

The Target Group's functional reporting currency for its statutory financial statements is SGD. However, its revenue, purchases and expenses are in currencies such as SGD, USD, EUR and JPY. Fluctuations in foreign exchange rates may impact the Target Group's competitiveness and affect its financial condition and results of operations.

The Target Group (including its associated company) also has business operations in Malaysia, Thailand and Indonesia. The financial results of these businesses, whose functional currencies are in MYR, THB and IDR, respectively, must be translated into SGD on every reporting date.

To the extent that the Target Group's sales, purchases and expenses are not naturally matched in the same currency and there are timing differences between collections and payments, the Target Group will be exposed to any adverse fluctuations in the exchange rates between the various currencies and SGD, which is its reporting currency. In addition, any currency exchange gain or loss resulting from the translation is recognised as other comprehensive income and accumulated in the foreign currency translation reserve, under equity. If the resulting transactional gains and/or losses, and translation differences, are significant, they may materially affect the Target Group's business operations, financial condition, results of operations and prospects.

While there are hedging instruments available to reduce the Target Group's exposure to exchange rate fluctuations, the cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced impact of currency volatility. As at the Latest Practicable Date, the Target Group has not entered into any hedging transactions to reduce its exposure to foreign currency exchange risks. In future, the Target Group may hedge its material foreign currency translations after taking into consideration the quantum and impact of its foreign exchange risk exposure as well as the transaction costs of any hedging policy, and the prevailing economic and operating conditions. In any event, the availability and effectiveness of these hedges may be limited and the Target Group may not be able to hedge its exposure successfully, or at all.

The Target Group's platforms, products and services may face disruptions

The Target Group provides MPS that enables the acceptance and processing of payments both online and offline. Accordingly, the Target Group depends on the constant real-time performance, reliability and availability of its platforms, products, services and third party communication networks. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside the control of the Target Group, including damage to the hardware/ systems used by the Target Group's customers, equipment faults, power failure, fire, natural disasters, computer viruses and external malicious interventions such as hacking or denial-of-service attacks. Such events may cause part or all of the Target Group's platforms, products, services and third party communication networks to become unavailable. While the Target Group has not encountered any disruptions to its platforms, products and services which have resulted in a material adverse impact on its results of operations, financial condition and operations during the Period Under Review and up to the Latest Practicable Date and currently has operational processes and contingency plans for a number of such scenarios, they may not adequately address every potential event. Additionally, there is a risk that repeated disruptions may result in a decline in merchants and/or processed volumes, as well as significant reputational damage. In addition, the business operations, financial condition, results of operations and prospects of the Target Group may be materially and adversely affected.

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The Target Group's business and the implementation of its growth strategy requires significant capital outlay

The Target Group has financed growth mainly through the issue of convertible bonds. As at the Latest Practicable Date, most of these bonds have been redeemed or converted. As the Target Group continues to grow, its capital needs are expected to further increase. The Target Group's working capital requirements and capital expenditure can be affected by the following:

- (a) the success of its operations;
- (b) the cost of development of platforms, products and services, including but not limited to labour costs and hardware costs;
- (c) the level of resources required to maintain and expand its merchant and customer base; and
- (d) any unanticipated change in the fiscal policies in the countries where the Target Group operates.

Therefore, the Target Group may need to raise additional funds for a number of reasons, including but not limited to:

- (i) strategic investments;
- (ii) expansion of operations;
- (iii) unanticipated opportunities;
- (iv) expenditure on new technologies;
- (v) expansion of its sales network; and
- (vi) improvement of its infrastructure and facilities.

If the Target Group is unable to maintain sufficient working capital for its capital-intensive business and to finance its growth strategy, it may have to, in future, raise additional capital through debt financing, or debt or equity offerings. The Target Group's ability to obtain the same is subject to, amongst others, macroeconomic factors such as the condition of the global economy, which is exposed to inflation and changes in interest rates. Further, any equity offerings below the then prevailing market price will also affect the value of Shares then held by an investor. It is also possible that the Target Group's subsidiaries may need to raise capital independently, in which case the Target Group may have to either raise capital to fund its portion of such a capital raising transaction or suffer a dilution of interest in those companies. It should also be noted that the provision of new platforms, products and services may involve significant capital outlay and the failure of the same may result in the Target Group being unable to recover these investments, in part or in full. In addition, financing agreements may also contain covenants limiting when and how much dividends can be declared and paid and/or covenants with respect to the Target Group's operations and financial matters (such as its ability to incur further indebtedness).

There can be no assurance that suitable financing will be available in the required amounts or on acceptable terms, and this may result in, amongst others, dilution of existing Shareholders' shareholdings and/or a negative impact on profitability. If the Target Group is unable to secure suitable financing when required, it may not be able to, amongst others:

- (1) fully realise its future plans;
- (2) hire, train and retain key professionals;

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- (3) invest in the appropriate technology and equipment;
- (4) realise strategic investments; and
- (5) respond to unanticipated requirements,

in which case the Target Group's business operations, financial condition, results of operations and prospects may be materially and adversely affected.

The Target Group is subject to risks associated with debt financing

As at the Latest Practicable Date, the Target Group has an overdraft facility from a bank. There can be no assurance that the Target Group's existing credit facility will always remain available at interest rates, terms and conditions acceptable to them, or that it will be able to renew the maturity dates of existing credit facility. The Target Group's ability to obtain the same is subject to, amongst others, macroeconomic factors such as the condition of the global economy. Any increase in the interest rate environment will increase expense and depress the Target Group's profitability. There can be no assurance that suitable financing will be available in the required amounts or on acceptable terms, and this may result in, amongst others, a negative impact on the Target Group's profitability. While the terms of the credit facility currently taken out by the Target Group do not restrict the payment of dividends by the relevant borrower, the terms of credit facilities taken out by the Target Group in the future may restrict the payment of dividends by the borrower.

In the event that the Target Group is unable to maintain its existing credit facility, or is unable to meet its payments due thereunder in a timely manner (in which case it may be the subject of claims by lenders seeking to recover their loans and/or to enforce the securities) the business operations, financial condition, results of operations and prospects of the Target Group may be materially and adversely affected.

The Target Group may be subject to exposure to litigation

The Target Group from time to time may be involved in disputes with various parties such as the Target Group's customers and suppliers. For instance, the Target Group collects security deposits from certain of its customers which are refundable upon the occurrence of certain specified events. In the event that the Target Group is unable to refund such security deposits to the relevant customer within the stipulated period or at all, this may result in a dispute with such customer. These disputes may lead to legal and other proceedings, and may cause the Target Group to suffer additional costs. While there have not been any material litigation or legal proceedings brought against the Target Group during the Period Under Review and up to the Latest Practicable Date, any litigation brought against the Enlarged Group by its customers or otherwise in the future in relation to the Target Group's business operations could have a material adverse effect on the Enlarged Group's reputation, business, prospects and/or results of operations.

The Target Group is subject to lease renewals and relocation risks

Currently, the Target Group leases all its premises. Upon the expiry of each lease term, the landlord has the right to review and revise the terms and conditions of the relevant lease agreement. The Target Group therefore faces the risk of an increase in rental or not being able to renew its leases on terms and conditions favourable to it or at all. Any increase in rental or relocation would increase the Target Group's operating expenses. Further, in the event that the Target Group's existing lease agreements are not renewed upon their expiry and alternative locations are not found in a timely manner or at all, the Target Group's operations may be disrupted or reduced. Accordingly, the occurrence of any of the foregoing may have a material and adverse effect on the business operations, financial condition, results of operations and prospects of the Target Group.

Please refer to the paragraph headed "Prospects, Trends and Future Plans" of Appendix A to this Circular for further details.

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The Target Group may not have sufficient insurance coverage

While the Target Group maintains insurance at a level that it believes is commercially appropriate against risks customarily insured in its industry, it may become subject to liabilities for events against which it is not adequately insured or which it cannot be insured on terms which are acceptable. Examples of these events include natural disasters, riots, general strikes, acts of terrorism and other events beyond the Target Group's control. Some of the losses it suffers may also not be easily quantifiable and may significantly damage its reputation.

The Target Group also maintains property all risks and work injury compensation insurance, however, this may not continue to be available on reasonable terms and may be unavailable in sufficient amounts to cover one or more large claims. In addition, an insurer might disclaim coverage as to any future claim.

The Target Group's business operations, financial condition, results of operations and prospects may be materially and adversely affected if:

- (a) an event occurs for which the Target Group is not adequately insured;
- (b) one or more large claims is or are successfully asserted against the Target Group that exceed the available insurance coverage;
- (c) any of the Target Group's insurance claims are contested by the insurance company;
or
- (d) the Target Group is not able to purchase insurance of the types and in the amounts that it deems necessary at acceptable premiums.

Further, the Target Group's insurance policies are typically renewed on an annual basis and there is no assurance that it will be able to renew all of its policies or obtain new policies on similar terms. A successful assertion of one or more large claims that exceeds available insurance coverage or changes in insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, may materially and adversely affect the Target Group's business operations, financial condition, results of operations and prospects.

The Target Group is dependent on certain key management personnel

The Target Group's continued success is dependent on certain members of its management team, including some who have been with the Target Group since its inception, to manage its current operations and meet future business challenges. These members play important roles in its business strategy and development, and they are instrumental in ensuring continued development and growth. In particular, the Target Group is reliant on the proposed Executive Director and Chief Executive Officer, Mr. Anthony Koh, and the proposed Executive Director and Chief Operating Officer, Mr. Kim.

There can be no assurance that the Target Group will be able to attract or retain key management personnel. The demand for senior skilled and experienced personnel is intense and the search for such personnel with the relevant skill sets can be time consuming. In order to remain competitive and to attract and/or retain key management personnel, the Target Group may need to increase their remuneration, which will result in increased manpower and related costs. If it is not able to generate proportionately higher revenue with such headcount costs, the Target Group's profitability will be adversely affected. In addition, the Target Group does not maintain insurance coverage for the loss of the services of any of its key management personnel.

The loss of its key management personnel, without suitable or comparable replacements in a timely manner, may have a material and adverse effect on the Target Group's business operations, financial condition, results of operations and prospects.

Please refer to Section 18.7 of this Circular for further details.

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There is no assurance that the Target Group's business strategies and future plans will be commercially successful

The Target Group intends to expand its operations in accordance with its business strategies and future plans as set out in the paragraph headed "Prospects, Trends and Future Plans" of Appendix A to this Circular. There is no assurance that the Target Group's business strategies and future plans will be commercially successful. Its growth may slow or decline for any number of reasons, some of which are beyond its control, including changes in general economic and business conditions at regional and national levels, and changes in government policies to become unfavourable to its business and operations. The Target Group may also lose merchants and customers for other reasons, such as failure to deliver satisfactory services.

There is no assurance that the Target Group's business strategies and future plans will achieve the expected results or outcome that will be commensurate with its investment costs. If it fails to achieve a sufficient level of revenue or if its expansion plans result in the incurrence of debt and liabilities, or any other unanticipated events or circumstances or if its future plans are not successfully implemented, its business operations, financial condition, results of operations and prospects may be materially and adversely affected.

The Target may enter into joint ventures and/or invest in strategic companies that are complementary to its business. Any existing and future investments may expose the Target Group to potential risks, including, amongst others:

- (a) technological, regulatory and operational risks and challenges with which it is unfamiliar;
- (b) unidentified issues not discovered in its due diligence process, such as hidden liabilities and contingencies;
- (c) diversion of management's attention and other resources from daily business operations during the investment process;
- (d) failure to realise anticipated synergies for revenue growth and cost benefits;
- (e) unexpected delays and costs to the completion of investments;
- (f) the availability, terms and costs of financing required to fund investments; and
- (g) the costs and difficulties in integrating new companies and/or businesses which it may acquire.

The Target Group may also fail to identify or secure suitable investment opportunities, or its competitors may capitalise on such opportunities before it does. Moreover, identifying such opportunities demands substantial management attention and resources, and the investment process involves significant costs and uncertainties. If the Target Group fails to successfully source, execute and integrate its investments, its overall growth could be impaired, and its business operations, financial condition, results of operations and prospects could be materially and adversely affected.

The Target Group may be affected by terrorist attacks, natural disasters and other events beyond its control

Terrorist attacks, natural disasters and other events beyond the Target Group's control in the markets in which it operates may lead to uncertainty in the economic outlook of these markets leading to an economic downturn. This in turn could have an adverse effect on the industry and its business. The consequences of any such terrorist attacks, natural disasters or other events beyond its control are unpredictable, and the Target Group is not able to foresee events of such nature, which could cause interruptions to parts of its businesses and have an adverse effect on its business, financial condition, and results of operations.

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21.2 Risks Relating to the ownership/ investment in the shares of the Enlarged Group

Sale of Shares by the Vendors

Following Completion and completion of the Proposed Allotment and Issuance of Target Employees Incentive Shares, the Vendors and/or their nominees will hold an aggregate of 60.90% of the Enlarged Share Capital (including Mr. Tee Wee Sien's existing Shares in the Company), of which 53.90% will be subject to a moratorium. The market price of the Consolidated Shares could decline as a result of the sales of Consolidated Shares by the Vendors in the market after Completion or after expiry of their sale moratorium period. These sales, or the possibility that these sales may occur, might also make it more difficult for the Company to issue new securities in the future at a time and price that it deems appropriate.

Existing Shareholders will face immediate and substantial dilution and may experience future dilution to shareholdings

Completion will result in immediate dilution to the shareholdings of the existing Shareholders as a result of the allotment and issuance of the Consideration Shares, the Settlement Shares, the Mr. Ching Placement Undertaking Shares, the Target Employees Incentive Shares and the ZICO Shares. The Company will issue Placement Shares and may also issue new Consolidated Shares, convertible securities or other forms of equity-linked instruments to raise additional funds for expansion, or issue share options or share awards under any employee share schemes that may be implemented after Completion. This may lead to further dilution to the shareholdings of the existing Shareholders.

The Enlarged Group may require additional funding and the issuance of new shares or loans for the Enlarged Group's future growth will dilute Shareholders' equity interest or may limit the Company's ability to pay dividends

The Enlarged Group may need to raise additional funds in the future to finance its expansion or for new developments in relation to its existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro rata basis to the then-existing Shareholders, Shareholders will experience dilution in their shareholdings.

The Enlarged Group has identified plans as described in the paragraph headed "Prospects, Trends and Future Plans – Future Plans" of Appendix A to this Circular. In addition, the Enlarged Group may chance upon other opportunities to grow its business. Under such circumstances, it may need to obtain additional debt or equity financing to fund its expansion. Additional equity financing may result in dilution to the Shareholders' equity interest. Additional debt financing may limit the Enlarged Group's ability to pay dividends or require it to seek consents from the relevant financial institutions or lenders, if necessary, for the payment of dividends, increase its vulnerability to general adverse economic and industrial conditions, limit its ability to pursue its growth plan and/or require it to dedicate a substantial portion of its cash flow from operations to payments of its debt, thereby reducing the availability of its cash flow to fund capital expenditures, working capital and other general corporate purposes and limit its flexibility in planning for, or reacting to, changes in its business and industries.

The Enlarged Group cannot ensure that it will be able to secure additional funding on terms that are acceptable to it when required to meet its business requirements and if that is so, it may not be able to fully implement its plans or respond to competitive pressures or unanticipated requirements, in which case, its results of operations would suffer.

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Shareholders may not be able to participate in future rights issues or certain other equity issues of the Shares

In the event that the Company issues new Shares, the Company is under no obligation to offer those Shares to existing Shareholders at the time of issue, except where the Company elects to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, the Company will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights available to Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, the Company may not offer such rights to existing Shareholders having an address in jurisdictions outside of Singapore. Accordingly, certain Shareholders may be unable to participate in future equity offerings by the Company and may experience dilution in their shareholdings as a result.

The Company may not be able to pay dividends in the future

As at the Latest Practicable Date, the Enlarged Group does not have any dividend policy. The Company's ability to declare dividends to Shareholders in the future will depend on the future financial performance of the Enlarged Group and the distributable reserves of the Company. This is in turn dependent on the Enlarged Group's ability to implement its future plans, and on regulatory, competitive and technical factors and other factors such as general economic conditions, demand for and prices of the Enlarged Group's products and services and other factors exclusive to its industry.

Any of these factors could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations, and hence there is no assurance that the Company will be able to pay dividends to Shareholders after the completion of the Proposed Transactions.

Further, in the event that the Enlarged Group is required to enter into any loan arrangements with any financial institutions, covenants in the loan agreements may also limit when and how much dividends the Company can declare and pay.

The price of the Shares may be volatile and this could result in substantial losses for investors in the Shares after Completion

The issue price of the Consolidated Shares allotted and issued to acquire the Sale Shares may not be indicative of prices of the Shares after Completion that will prevail in the trading market. The market price of Shares may fluctuate significantly and rapidly as a result of, amongst others, the following factors, some of which are beyond the control of the Enlarged Group and may be unrelated and disproportionate to the operating results of the Enlarged Group:

- (a) the success or failure of the Enlarged Group's management team in implementing business and growth strategies;
- (b) announcements by the Company of significant contracts, acquisitions, strategic alliances or capital commitments;
- (c) changes in the Enlarged Group's operating results;
- (d) involvement in litigation;
- (e) any negative publicity on the Enlarged Group;
- (f) unforeseen contingent liabilities of the Enlarged Group;
- (g) addition or departure of key personnel;
- (h) fluctuations in share prices of companies with similar business to the Enlarged Group that are listed in Singapore;

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- (i) changes or uncertainty in the political, economic and regulatory environment in the markets that the Enlarged Group operates; and
- (j) changes in conditions affecting the industry, and general economic and stock market conditions.

The price of the Shares may, in some instances, fluctuate based on factors that are unrelated to the Enlarged Group or its financial performance.

Negative publicity may adversely affect the price of the Shares

Any negative publicity or announcement relating to the Enlarged Group or Substantial Shareholders following the Completion may adversely affect the market perception of the Enlarged Group or the performance of the Share price, whether or not it is justifiable. Such negative publicity or announcement may include involvement in insolvency proceedings, litigation and failed attempts in joint ventures or takeovers.

No prior market for the Shares of the Company on an Enlarged Group basis

The Shares have never been traded on an Enlarged Group basis. As such, there can be no assurance that an active trading market for the Shares will develop, or, if developed, will be sustainable.

Risk relating to the non-completion of the Proposed Acquisition

The Proposed Acquisition is conditional upon the fulfilment of several conditions precedent pursuant to the Amended and Restated Sale and Purchase Agreement. Please refer to Section 3.5 of this Circular for more information. In the event that any of the conditions precedent are not fulfilled or waived by the relevant party(ies) by the long-stop date under the Amended and Restated Sale and Purchase Agreement, the Proposed Transactions will not be consummated and this may adversely affect the Company's future financial condition and results of operations.

In addition, the non-completion of the Proposed Acquisition may result in the Company being required to be removed from the Official List and a cash exit offer in accordance with Rule 1308 of the Catalist Rules will have to be made to Shareholders thereafter. There is therefore no assurance that the Company will continue to remain on the Official List, or that the terms of the aforementioned cash exit offer will be favourable to the Shareholders.

22. INTERESTED PERSON TRANSACTIONS OF THE ENLARGED GROUP

Shareholders should note that upon Completion, the Target Group will become subsidiaries of the Company. Accordingly, transactions between any Enlarged Group Company and any of its interested persons (namely, the Proposed Directors, Chief Executive Officer or Controlling Shareholders of the Company upon Completion and their respective Associates) constitute interested person transactions under Chapter 9 of the Catalist Rules.

The discussion below sets out the Enlarged Group's material transactions with interested persons for the Period Under Review and the period from 1 July 2020 up to the Latest Practicable Date, save for the Proposed Allotment and Issuance of Settlement Shares and the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares. Please refer to Sections 5 and 6 of this Circular for details of the Proposed Allotment and Issuance of Settlement Shares and the opinion thereon from the IFA, and the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares. Save as disclosed in this Circular, none of (i) the Proposed Directors, Chief Executive Officer or Controlling Shareholders of the Company upon Completion and/or (ii) their respective Associates was or continues to be interested, whether directly or indirectly, in any material transaction with the Enlarged Group within the Period Under Review and up to the Latest Practicable Date.

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A list of interested persons in respect of past interested person transactions and the present and ongoing interested person transaction with the Enlarged Group for the Period Under Review and up to the Latest Practicable Date is set out below:

Interested person	Relationship with the Enlarged Group
Mr. Anthony Koh	Proposed Executive Director and Chief Executive Officer of the Company following Completion
Mr. Ching	Controlling Shareholder of the Company
Tesinsky Limited	A company wholly-owned by Mr. Ching

In line with the rules set out in Chapter 9 of the Catalist Rules, a transaction of value less than S\$100,000 is not considered material in the context of the Proposed Acquisition and is therefore not disclosed or taken into account for the purpose of aggregation in this section.

22.1 Past Interested Person Transactions

The past interested person transactions which are material to the Company in the last three financial years ended 31 March 2020 and from 1 April 2020 to the Latest Practicable Date, have been disclosed in the Company's announcements and annual reports.

The past transactions between the interested persons and the Target Group during the Period Under Review and up to the Latest Practicable Date are set out below.

Loan from Mr. Anthony Koh to the Target

In FY2018, Mr Anthony Koh had extended a loan of approximately S\$500,000 to the Target ("**Anthony Loan**").

The amount of Anthony Loan outstanding (including accrued interests) as at the end of each period during the Period Under Review and as at the Latest Practicable Date, are as follows:

	31 December 2017	31 December 2018	31 December 2019	30 June 2020	As at the Latest Practicable Date
	(S\$ million)	(S\$ million)	(S\$ million)	(S\$ million)	(S\$ million)
Amount of outstanding loan	–	0.52	–	–	–

The largest amount outstanding on the Anthony Loan (including accrued interests) during the Period Under Review and up to the Latest Practicable Date was S\$0.52 million. As at the Latest Practicable Date, the Anthony Loan has been fully repaid.

The Anthony Loan was unsecured and had no fixed terms of repayment. The interest rate on the Anthony Loan was 10.0% per annum. The aforesaid interest rate was applied on a "see-through" basis, taking into account Mr. Anthony Koh's cost of funds in respect of a loan of the same amount (that was subsequently on-lent to the Target as Anthony Loan) that was secured from a third party who is not related to the Proposed Directors, Chief Executive Officer or Controlling Shareholders of the Company or their respective Associates.

The Proposed Board of Directors is of the view that the loan extended by Mr. Anthony Koh was entered into on an arm's length basis and on normal commercial terms, and was not prejudicial to the interests of the Enlarged Group and the minority Shareholders, taking into account that the interest rate on the Anthony Loan was the same as Mr. Anthony Koh's cost of funds in respect of a loan for the same amount secured from an unrelated third party for purposes of onward lending to the Target as the Anthony Loan.

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The Enlarged Group does not intend to obtain any loans from Mr. Anthony Koh following Completion.

Loan from Tesinsky Limited to the Target

On 15 April 2019, Tesinsky Limited (“**Tesinsky**”), a company incorporated in the British Virgin Islands and wholly-owned by Mr. Ching, had entered into a loan agreement with the Target, pursuant to which Tesinsky agreed to extend a loan facility of principal amount of S\$500,000 to the Target (“**Tesinsky Loan**”). The Tesinsky Loan was secured by the personal guarantee of Mr. Anthony Koh and was available for draw down within a period of 24 months, expiring on 15 April 2021, at an interest rate of 10.0% per annum.

The amount of Tesinsky Loan drawn down by the Target during the Period Under Review and up to the Latest Practicable Date are as follows:

	FY2017	FY2018	FY2019	1H2020	1 July 2020 to the Latest Practicable Date
	(S\$ million)	(S\$ million)	(S\$ million)	(S\$ million)	(S\$ million)
Amount of loan extended to the Target	–	–	0.20	–	–

The amount of outstanding Tesinsky Loan (including accrued interests) as at the end of each period during the Period Under Review and as at the Latest Practicable Date are as follows:

	31 December 2017	31 December 2018	31 December 2019	30 June 2020	As at the Latest Practicable Date
	(S\$ million)	(S\$ million)	(S\$ million)	(S\$ million)	(S\$ million)
Amount of outstanding loan (including accrued interests)	–	–	0.21	–	–

The largest amount outstanding on the Tesinsky Loan (including accrued interests) during the Period Under Review and up to the Latest Practicable Date was S\$0.21 million. As at the Latest Practicable Date, the Tesinsky Loan has been fully repaid. The Tesinsky Loan facility was mutually terminated in September 2020.

The Proposed Board of Directors is of the view that the Tesinsky Loan was entered into on an arm’s length basis and on normal commercial terms, and was not prejudicial to the interests of the Enlarged Group and the minority Shareholders, taking into account that the interest on the Tesinsky Loan was in line with the Target’s costs of funds in respect of the Anthony Loan.

Guarantee from Mr. Anthony Koh in favour of Tesinsky Limited

Mr. Anthony Koh had provided a personal guarantee in favour of Tesinsky for the Tesinsky Loan. The personal guarantee took effect on the same date as the Tesinsky Loan.

As Mr. Anthony Koh did not receive any benefit in kind, commission or interest from the Target Group and/or the Company for providing the above guarantee, the Proposed Board of Directors is of the view that the provision of such guarantee was not made on an arm’s length basis nor on normal commercial terms, but was nonetheless not prejudicial to the interests of the Enlarged Group and the minority Shareholders.

As the Tesinsky Loan facility was mutually terminated in September 2020, Mr. Anthony Koh has since been released from all of his obligations under the personal guarantee to Tesinsky.

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22.2 Present and Ongoing Interested Person Transactions

Save as set out in this section below, there were no ongoing transactions entered into between the Enlarged Group and its interested persons during the Period Under Review and up to the Latest Practicable Date.

Loan facility from Mr. Ching to the Target

On 31 October 2019, Mr. Ching had entered into a loan agreement with the Target, pursuant to which he agreed to extend to the Target an unsecured loan facility of principal amount of S\$800,000 ("**Ching to Target Loan**"). The Ching to Target Loan is available for draw down within a period of 26 months, expiring on 31 December 2021, at an interest rate of 10.0% per annum. As at the Latest Practicable Date, the Ching to Target Loan has yet to be drawn down.

The Proposed Board of Directors is of the view that the Ching to Target Loan was entered into on an arm's length basis and on normal commercial terms, and is not prejudicial to the interests of the Enlarged Group and the minority Shareholders, taking into account that the interest on the Ching to Target Loan was in line with the Target's costs of funds in respect of the Anthony Loan.

Loan from Mr. Ching to the Company

On 26 March 2019, Mr. Ching had entered into a loan agreement with the Company, pursuant to which he agreed to extend to the Company a loan of principal amount of S\$300,000, to be disbursed in monthly instalments of S\$50,000 per month beginning from March 2019 ("**Ching to Company Loan**"), on an unsecured basis. As at the Latest Practicable Date, the Ching to Company Loan has been fully disbursed and remained outstanding. In addition, Mr. Ching granted further loans amounting to S\$259,450 to the Company ("**Additional Loans**") as at the Latest Practicable Date. The interest rate on the Ching to Company Loan and the Additional Loans was 10.0% per annum. The Ching to Company Loan, the Additional Loans and all interest accrued thereon shall be repaid in full on the day one year after release of the monies held in escrow pursuant to Rule 1017(1)(a) of the Catalist Rules, subject to extension as mutually agreed in writing.

The amount of outstanding loans extended by Mr. Ching to the Company (including accrued interests) as at 31 March 2018, 31 March 2019, 31 March 2020 and the Latest Practicable Date are as follows:

	31 March 2018 (S\$ 000)	31 March 2019 (S\$ 000)	31 March 2020 (S\$ 000)	Latest Practicable Date (S\$ 000)
Amount of loan extended to the Company (including accrued interests)	–	–	445	622

The largest amount outstanding owing by the Company to Mr. Ching (including accrued interests) during the aforesaid period was approximately S\$622,409.

The Proposed Board of Directors is of the view that the Ching to Company Loan and the Additional Loans were entered into on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Enlarged Group and the minority Shareholders, taking into account that the interest on the Ching to Company Loan and the Additional Loans was in line with the Company's cost of funds in respect of its issuance of unsecured bonds of S\$6.9 million to third parties in FY2017 and FY2018, which bore interest of 10.0% per annum.

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Provision of security by Mr. Anthony Koh in favour of Mr. Low See Ching and Mr. Tee Wee Sien

On 28 June 2019, Mr. Anthony Koh, Mr. Low See Ching, Mr. Tee Wee Sien and the Target entered into a security deed ("**Security Deed**"). Pursuant to the Security Deed, Mr. Anthony Koh agreed to grant a first floating charge in favour of Mr. Low See Ching and Mr. Tee Wee Sien over such number of Consideration Shares which Mr. Anthony Koh will receive on Completion, equal in value to the respective redemption amounts owing by the Target to Mr. Low See Ching and Mr. Tee Wee Sien pursuant to the terms of the respective convertible bond agreements entered into between the Target and each of Mr. Low See Ching and Mr. Tee Wee Sien, as continuing security for the payment and discharge of the Target's obligations to pay Mr. Low See Ching and Mr. Tee Wee Sien. Pursuant to the terms of the Security Deed, the Target has agreed to indemnify Mr. Anthony Koh against all liabilities, costs, expenses, damages and losses suffered or incurred by Mr. Anthony Koh in the event that Mr. Low See Ching and Mr. Tee Wee Sien enforce their rights under the Security Deed.

Mr. Tee Wee Sien has converted his Series D Convertible Bonds amounting to approximately S\$3.4 million (inclusive of accrued interest) into 137,298 Target Shares in November 2020 and accordingly, Mr. Anthony Koh has been released from all of his obligations owing to Mr. Tee Wee Sien under the Security Deed.

Mr. Low See Ching has indicated his intention to elect to have his Series D Convertible Bonds amounting to approximately S\$1.8 million (inclusive of accrued interest) redeemed post-Completion. Upon redemption of Mr. Low See Ching's Series D Convertible Bonds in full following Completion (and in any case by no later than 30 June 2021), Mr. Anthony Koh will be released from all of his obligations owing to Mr. Low See Ching under the Security Deed.

As Mr. Anthony Koh did not receive any benefit in kind, commission or interest from the Target Group and/or the Company for entering into the Security Deed, the Proposed Board of Directors is of the view that the Security Deed was not made on an arm's length basis nor on normal commercial terms, but is nonetheless not prejudicial to the interests of the Enlarged Group and its minority Shareholders.

22.3 Future Interested Person Transactions

Following Completion, all interested person transactions between the Enlarged Group and the Directors, Chief Executive Officer and Controlling Shareholders of the Company, and their respective Associates, will be subject to the Company's internal interested person transaction procedures set out in Section 22.4 of this Circular and the requirements under Chapter 9 of the Catalyst Rules.

The New Audit Committee will review all future interested person transactions and consider, amongst other things, the bases provided by the Enlarged Group, to be satisfied that where applicable, all future interested person transactions are carried out on an arm's length basis, on normal commercial terms consistent with the Enlarged Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated parties and will not be prejudicial to the interests of the Enlarged Group and the minority Shareholders.

22.4 Guidelines and Review Procedures for Future Interested Person Transactions

To ensure that future transactions with interested persons are undertaken on normal commercial terms, are not prejudicial to the interests of the Enlarged Group and the minority Shareholders and are consistent with the Enlarged Group's usual business practices and policies, which are generally no more favourable than those extended to unrelated third parties, the following procedures will be implemented by the Enlarged Group.

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In relation to any purchase of products or procurement of services from interested persons, quotes from at least two unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price, procurement price or fee for services shall not be higher than the most competitive price of the two comparative prices from the two unrelated third parties. The New Audit Committee will review the comparables, taking into account, the suitability, quality and cost of the product or service, and the experience and expertise of the supplier.

In relation to any sale of products or provision of services to interested persons, the price and terms of two other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The interested persons shall not be charged at rates lower than that charged to the unrelated third parties.

All interested person transactions above S\$100,000 are to be approved by a Director who shall not be an interested person in respect of the particular transaction. Any contracts to be made with an interested person shall not be approved unless the pricing is determined in accordance with the Enlarged Group's usual business practices and policies, consistent with the usual margin given or price received by the Enlarged Group for the same or substantially similar type of transactions between the Enlarged Group and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between the Enlarged Group and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the interested person are no more favourable than those extended to unrelated parties.

In addition, the Enlarged Group shall monitor all interested person transactions by categorising the transactions as follows:

- (a) a "category one" interested person transaction (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) is one where the value or aggregate value thereof is equal to or in excess of 3.0% of the latest audited NTA of the Enlarged Group; and
- (b) a "category two" interested person transaction (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) is one where the value or aggregate value thereof is below 3.0% of the latest audited NTA of the Enlarged Group.

"Category one" interested person transactions must be approved by the New Audit Committee prior to entry. "Category two" interested person transactions need not be approved by the New Audit Committee prior to entry but shall be reviewed on a half-yearly basis by the New Audit Committee.

The Company will maintain a register of interested person transactions (including transactions below S\$100,000) carried out with the interested persons of the Enlarged Group (recording the basis, including quotations, enquiries and/or reports obtained to support such basis, on which they are entered into). The New Audit Committee will review the register of interested person transactions on a half-yearly basis to ascertain that the guidelines and review procedures for interested person transactions have been complied with.

Before any agreement or arrangement with an interested person that is not in the ordinary course of business of the Enlarged Group is transacted, prior approval must be obtained from the New Audit Committee. In the event that a member of the New Audit Committee is interested in any interested person transaction, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the New Audit Committee.

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The Enlarged Group will also comply with the provisions in Chapter 9 of the Catalist Rules in respect of all future interested person transactions, and if required under the Catalist Rules, the Companies Act or the SFA, the Enlarged Group will seek independent Shareholders' approval for such transactions.

23. POTENTIAL CONFLICTS OF INTEREST

In general, after Completion, a conflict of interest arises when any of the Directors, Chief Executive Officer or Controlling Shareholders of the Company or their Associates carry on or have any interest in any other corporation carrying on the same business as the Enlarged Group.

Under the PS Act, the Target Group's current business falls under the following Payment Services: (i) domestic money transfer service, (ii) cross-border money transfer service, and (iii) merchant acquisition service.

Mr. Ching, Mr. Anthony Koh and Mr. Joseph Christopher Koh Boon Kiok (who is the brother of Mr. Anthony Koh), respectively, hold 40%, 40% and 20% in Remsea, an entity which is engaged in remittance services. Currently, Remsea holds an MPI Licence and it has elected to conduct domestic money transfer services and cross-border money transfer services under the PS Act (the "**Remsea Services**").

The business model and activities of Remsea are different from that of the Target Group. Remsea will be engaging in consumer-to-consumer money transfers, where its intended clients are customers who require services for the transfer of funds to other person(s), domestically or overseas, with no underlying transfer of goods or services. The Target Group, however, engages in the provision of trade payment services, where it facilitates business-to-consumer and business-to-business money transfers for an underlying transfer of goods and/or services.

Remsea's intended clients are customers who require services for the transfer of funds to other person(s), domestically or overseas, with no underlying transfer of goods or services. In contrast, the Target Group's domestic and cross-border transfer services are incidental to its business of payment processing, in which merchants require payments from its customers for the provision of goods and/or services, and where such customers may be domestic or located overseas. In other words, Remsea Services are "pure" fund transfer services whereas the Target Group is not involved in such services and the transfer of funds to other person(s) (located both domestically and overseas) is a part of the value chain in effecting settlement of payments by customers to merchants. As such, Remsea and the Target Group are not in competition with each other, in respect of business activities. For avoidance of doubt, as Remsea is a MPI, it is in a position to elect to acquire additional Payment Services, in addition to Remsea Services.

Given the difference in the Remsea Services and Target Group's activities, there is no current intention for Remsea to form part of the Target Group in respect of the Proposed Acquisition.

Non-Compete Undertaking by Mr. Ching and Mr. Anthony Koh

Notwithstanding the foregoing, to mitigate any potential or perceived conflict of interest, each of Mr. Ching and Mr. Anthony Koh has provided a non-compete undertaking to the Company pursuant to which Mr. Ching and Mr. Anthony Koh have agreed not to Participate in, and to procure that his respective Associates will not Participate in businesses which are the same or similar to the Enlarged Group's principal business activities, save for any interest of less than 5.0% of the equity of such companies, whether in the form of quoted or unquoted securities, held solely for investment purposes and with no role or involvement in the day-to-day management or operations, or the holding of any executive positions of these companies.

LETTER TO SHAREHOLDERS

“Participate” means:-

- (a) to in fact exercise control over any entity engaged in the principal business activities of the Enlarged Group (**“Specified Business”**);
- (b) to hold (whether directly or indirectly) any of the issued share capital or equity interests of any entity engaged in the Specified Business;
- (c) to exercise control over any of the voting shares of any entity engaged in the Specified Business;
- (d) to carry on, or be engaged, concerned or interested (directly or indirectly) in any business that is similar to or in competition with the Specified Business;
- (e) to assist with technical or other advice in relation to any Specified Business to any person intending to or about to engage in any Specified Business;
- (f) to provide financial assistance to any person engaged in any Specified Business;
- (g) to be involved (whether directly or indirectly) in any decision making in any entity that will put the obligor in a conflict of interest position with respect to the obligor’s duties and responsibilities (where applicable) in the Enlarged Group;
- (h) to solicit or entice away, or attempt to solicit or entice away from the Enlarged Group, any person who is an officer, manager or employee of the Enlarged Group, whether directly or indirectly, and regardless of whether such person would commit a breach of his contract of employment with the Enlarged Group by reason of leaving such employment;
- (i) interfere or seek to interfere with or make arrangements which have the effect of harming contractual or other trade relations between the Enlarged Group and any of the Enlarged Group’s suppliers, customers, contractors, sub-contractors, agents or business partners, whether directly or indirectly;
- (j) solicit, market to or entice away, or attempt to solicit, market to or entice away from the Enlarged Group any customers, client, agent, correspondent, trader, supplier or distributor of the Enlarged Group or in the habit of dealing with the Enlarged Group, whether directly or indirectly;
- (k) make use or disclose or divulge or communicate to any third party any confidential information or trade secrets relating to the Enlarged Group, other than any information properly available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction; or
- (l) use the name “Mobile Credit Payment” or any other names, brands, symbols, logos, patents or trademarks used by the Enlarged Group from time to time, or that the Enlarged Group may use in the future, for any entity in any business outside the Enlarged Group whether or not such business is in direct or indirect competition with or is similar to that of the Enlarged Group.

LETTER TO SHAREHOLDERS

The non-compete undertaking, commencing from the Completion, shall be in force for as long as:

- (i)
 - (a) in respect of Mr. Ching, where Mr. Ching and/or any of his Associates is a person with an interest in at least 15% of the total number of voting rights in the Company or in fact exercise(s) control over the Company; and/or
 - (b) in respect of Mr. Anthony Koh, where Mr. Anthony Koh is a director or chief executive officer or Mr. Anthony Koh and/or any of his Associates is a person with an interest in at least 15% of the total number of voting rights in the Company or in fact exercise(s) control over the Company; and
 - (c) in respect of Remsea:
 - (1) (in respect of Mr. Ching) where Mr. Ching and/or his Associates (i) hold an interest, directly or indirectly, in at least 15% of the total number of voting rights in the Company or in fact exercise(s) control over the Company and (ii) are shareholders and/or directors of Remsea; and/or
 - (2) (in respect of Mr. Anthony Koh) where Mr. Anthony Koh (i) is a director or chief executive officer or Mr. Anthony Koh and/or his Associates hold an interest, directly or indirectly, in at least 15% of the total number of voting rights in the Company or in fact exercise(s) control over the Company and (ii) are shareholders and/or directors of Remsea; or
- (ii) the shares in the capital of the Company continue to be listed on the Catalist of the SGX-ST,

whichever of sub-paragraph (i) or (ii) ceases earlier.

Save as disclosed above, none of the Proposed Directors, the Proposed Chief Executive Officer or Controlling Shareholder of the Company or any of their respective Associates has any interest, direct or indirect in:

- (i) any transactions to which the Enlarged Group was or is a party;
- (ii) any company or enterprise carrying on the same business or dealing in similar products or services as the Enlarged Group which gives rise to a material conflict of interest with the Enlarged Group;
- (iii) any company or entity that is the Enlarged Group's customer or supplier of goods or services; or
- (iv) any existing contract or arrangement which was or is significant in relation to the business of the Enlarged Group.

None of the Proposed Directors, Chief Executive Officer or Controlling Shareholders or any of their respective Associates is involved in the management of any company or entity involved in similar or related business of the Enlarged Group.

24. MATERIAL CONTRACTS

Save for the Sale and Purchase Agreement, the Amended and Restated Sale and Purchase Agreement, the Settlement Agreement and the Mr. Ching Placement Undertaking and the placement agreement dated 23 December 2020 in respect of the Mr. Ching Placement Undertaking Shares, the Group has not entered into any contracts which are not in the ordinary course of business in the two (2) years preceding the date of this Circular.

LETTER TO SHAREHOLDERS

25. LITIGATION RELATING TO THE GROUP

As at the Latest Practicable Date, to the best of the knowledge and belief of the Existing Directors, neither the Company nor any of its subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant including those which are pending or known to be contemplated which may have or have had in the last 12 months before the date of this Circular, a material effect on the financial position or the profitability of the Group.

26. INTERESTS OF THE SPONSOR AND FINANCIAL ADVISER

In the reasonable opinion of the Proposed Board of Directors, the Sponsor and Financial Adviser does not have a material relationship with the Company or the Group save for the Proposed Allotment and Issuance of the ZICO Shares, and that it is currently the Sponsor and Financial Adviser for the Proposed Acquisition and the continuing Sponsor of the Company for which it has received and/or may receive customary fees. The Sponsor will remain as the continuing Sponsor to the Company following Completion.

27. INTERESTS OF EXPERTS

No expert (i) is employed on a contingent basis by the Company or its subsidiaries; or (ii) has a material interest, whether direct or indirect, in the shares of the Company or its subsidiaries; or (iii) has a material economic interest, whether direct or indirect, in the Company, including an interest in the success of the Proposed Transactions.

28. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in the sections entitled “The Proposed Acquisition”, “The Proposed Allotment and Issuance of Settlement Shares”, “The Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares”, and “Interested Person Transactions of the Enlarged Group” of this Circular and save for their respective shareholdings in the Company, none of the Existing Directors or Substantial Shareholders of the Company or their respective Associates has any interest, direct or indirect, in the Proposed Transactions, the Proposed Termination of the Artivision Technologies Employee Share Award Scheme 2015, the Proposed Adoption of the MCP Employee Share Option Scheme, the Proposed Adoption of the MCP Performance Share Plan, the appointment of the Proposed New Directors, the Proposed Change of Name and/or the Proposed Adoption of the New Constitution.

29. DIRECTORS' RECOMMENDATION

Having considered and reviewed, amongst others, the terms of the Amended and Restated Sale and Purchase Agreement, the Settlement Agreement, the rationale for and the financial effects of the Proposed Transactions, the risk factors and other investment considerations, and all other relevant facts set out in this Circular, the Directors are of the opinion that:

- (a) the Proposed Acquisition;
- (b) the Proposed Share Consolidation;
- (c) the Proposed Allotment and Issuance of Consideration Shares;
- (d) the Proposed Allotment and Issuance of Settlement Shares;
- (e) the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares;
- (f) the Proposed Allotment and Issuance of ZICO Shares;
- (g) the Proposed Allotment and Issuance of Target Employees Incentive Shares;
- (h) the Proposed Placement;

LETTER TO SHAREHOLDERS

- (i) the Proposed Termination of the Artivision Technologies Employee Share Award Scheme 2015;
- (j) the Proposed Adoption of the MCP Performance Share Plan;
- (k) the Proposed Adoption of the MCP Employee Share Option Scheme;
- (l) the appointment of the Proposed New Directors;
- (m) the Proposed Change of Name; and
- (n) the Proposed Adoption of the New Constitution,

are in the best interests of the Company, and accordingly, they recommend that Shareholders vote in favour thereof.

Shareholders, in deciding whether to vote in favour of the resolutions, should read carefully the terms and conditions, rationale for, and financial effects of, the Proposed Transactions. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

30. ABSTENTION FROM VOTING

As Mr. Ching is interested in Ordinary Resolutions 4 and 5 on the Proposed Allotment and Issuance of Settlement Shares and the Proposed Allotment and Issuance of Mr. Ching Placement Shares, he will abstain, and will procure that his Associates (if any) abstain from voting on Ordinary Resolutions 4 and 5 to be tabled at the EGM. Mr. Ching and his Associates will also not act as proxies in relation to Ordinary Resolutions 4 and 5 relating to the Proposed Allotment and Issuance of Settlement Shares and the Proposed Allotment and Issuance of Mr. Ching Placement Shares unless specific voting instructions have been given by the Shareholder(s). The Company will disregard any votes cast by Mr. Ching and his Associates on Ordinary Resolutions 4 and 5.

31. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-9 of this Circular, will be held by electronic means on 22 January 2020 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions and Special Resolutions set out in the Notice of EGM.

In line with the provisions under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, no printed copies of this Circular, the Notice of EGM and the Proxy Form in respect of the EGM will be despatched to Shareholders.

Copies of this Circular, the Notice of EGM and the Proxy Form have been uploaded on SGXNet. A Shareholder will need an Internet browser and PDF reader to view these documents on SGXNet.

Shareholders are advised to read this Circular carefully in order to decide whether they should vote in favour of or against or abstain from voting in respect of the Ordinary Resolutions and Special Resolutions set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

32. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to vote on the Ordinary Resolutions and Special Resolutions at the EGM must appoint the Chairman of the EGM as their proxy by completing the Proxy Form as attached to the Notice of EGM.

Please refer to the alternative arrangements relating to attendance at the EGM by way of electronic means (including arrangements by which the EGM can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM as set out in the Notice of EGM, which has been uploaded together with this Circular on SGXNet on the same day.

A Depositor shall not be regarded as a Shareholder and his/her/its Proxy Form may be rejected by the Company unless he/she/it is shown to have Shares entered against his/her/it name in the Depository Register, as certified by the CDP to the Company as at 72 hours before the EGM.

33. RESPONSIBILITY STATEMENTS

33.1 Existing Directors

The Existing Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (save for information relating to the Target Group, the Vendors or the Enlarged Group) 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 Proposed Termination of the Artivision Technologies Employee Share Award Scheme 2015, the Proposed Adoption of the MCP Employee Share Option Scheme, the Proposed Adoption of the MCP Performance Share Plan, the appointment of the Proposed New Directors, the Proposed Change of Name, the Proposed Adoption of the New Constitution, the Company and its subsidiaries, and the Existing 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 Existing 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.

33.2 Proposed Board of Directors

The Proposed Board of 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 Proposed Termination of the Artivision Technologies Employee Share Award Scheme 2015, the Proposed Adoption of the MCP Employee Share Option Scheme, the Proposed Adoption of the MCP Performance Share Plan, the appointment of the Proposed New Directors, the Proposed Change of Name, the Proposed Adoption of the New Constitution and the Enlarged Group (including information relating to the Vendors), and the Proposed Board of 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 Proposed Board of 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.

LETTER TO SHAREHOLDERS

33.3 **Sponsor and Financial Adviser**

ZICO Capital Pte. Ltd., being the Sponsor and Financial Adviser to the Company in relation to the Proposed Acquisition, confirms that to the best of its knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Proposed Termination of the Artivision Technologies Employee Share Award Scheme 2015, the Proposed Adoption of the MCP Employee Share Option Scheme, the Proposed Adoption of the MCP Performance Share Plan, the appointment of the Proposed New Directors, the Proposed Change of Name, the Proposed Adoption of the New Constitution and the Enlarged Group, and ZICO Capital is 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 ZICO Capital 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.

34. **CONSENTS**

34.1 **Sponsor and Financial Adviser**

ZICO Capital Pte. Ltd., being the Sponsor and Financial Adviser to the Company in relation to the Proposed Acquisition, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto and its opinion as set out in the paragraph headed “Management’s Discussion and Analysis of Results of Operations and Financial Position – Liquidity and Capital Resources – Listing Suitability” of Appendix A to this Circular in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

34.2 **Independent Auditors to the Target Group and Reporting Accountants to the Enlarged Group**

KPMG LLP, the independent auditors to the Target Group and the reporting accountants to the Enlarged Group, has given and has not withdrawn its consent to the issue of this Circular with the inclusion of the Independent Auditors’ Report and the audited consolidated financial statements for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 of Mobile Credit Payment and its subsidiaries as set out in Appendix B to this Circular, the Independent Auditors’ Review Report and the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2020 of Mobile Credit Payment and its subsidiaries as set out in Appendix C to this Circular and the Independent Auditors’ Report and the unaudited pro forma consolidated financial statements for the financial year ended 31 December 2019 and six-month period ended 30 June 2020 of Mobile Credit Payment and its subsidiaries as set out in Appendix D to this Circular and all references thereto in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

34.3 **Independent Business Valuer**

Duff & Phelps Singapore Pte. Ltd., being the Independent Business Valuer in relation to the Proposed Acquisition, has given and has not withdrawn its written consent (i) to the issue of this Circular with the inclusion of the Valuation Letter set out in Appendix F to this Circular and all references thereto in the form and context in which they are included in this Circular, (ii) to make the Valuation Report available for inspection at the registered office of the Company and (iii) to act in such capacity in relation to this Circular.

34.4 **IFA**

RHT Capital Pte. Ltd., being the IFA in relation to the Proposed Allotment and Issuance of Settlement Shares, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter set out in Appendix E to this Circular and all references thereto in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

LETTER TO SHAREHOLDERS

34.5 Legal Adviser to the Company

Vincent Lim & Associates LLC, the Legal Adviser to the Company on Singapore Law in relation to the Proposed Acquisition, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

Vincent Lim & Associates LLC does not make or purport to make any statement in this Circular or any statement upon which a statement in this Circular is based, and makes no representation, express or implied, regarding, and to the full extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person arising out of, any statement, information or opinion in or any omission from this Circular.

34.6 Thailand Legal Consultants

R&T Asia (Thailand) Limited, the Thailand Legal Consultants in relation to the Thai Restructuring Exercise, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto and its legal opinion as set out in the paragraph headed “Group Structure of the Target Group – Thai Restructuring Exercise” of Appendix A to this Circular, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

35. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 10 Ubi Crescent, #05-05 Ubi Techpark, Singapore 408564, during normal business hours for a period of six months from the date of this Circular:

- (a) the Existing Constitution and the New Constitution;
- (b) the annual reports of the Company for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020;
- (c) the Amended and Restated Sale and Purchase Agreement;
- (d) the Supplemental Agreement;
- (e) the Second Supplemental Agreement;
- (f) the Third Supplemental Agreement;
- (g) the Settlement Agreement;
- (h) the Mr. Ching Placement Undertaking;
- (i) the placement agreement dated 23 December 2020 in respect of the Mr. Ching Placement Undertaking Shares;
- (j) the Service Agreements;
- (k) the Valuation Letter and the Valuation Report;
- (l) the IFA Letter;
- (m) the Independent Auditors’ Report on the Audit of the Consolidated Financial Statements for the Years Ended 31 December 2017, 31 December 2018 and 31 December 2019 as set out in Appendix B to this Circular;

LETTER TO SHAREHOLDERS

- (n) the Independent Auditors Report on the Review of Condensed Consolidated Interim Financial Statements for the Six Months Period ended 30 June 2020 as set out in Appendix C to this Circular;
- (o) the Reporting Accountants' Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information of the Target Group for the Year ended 31 December 2019 and the Six Months Period ended 30 June 2020 as set out in Appendix D to this Circular;
- (p) the audited financial statements of the subsidiaries of the Target for FY2017, FY2018 and FY2019 (where available);
- (q) the rules of the Artivision Technologies Employee Share Award Scheme 2015;
- (r) the rules of the MCP Employee Share Option Scheme;
- (s) the rules of the MCP Performance Share Plan;
- (t) the letters of consent referred to in Section 34 of this Circular; and
- (u) the material contracts set out in Section 24 of this Circular and the paragraph headed "Material Contracts" of Appendix A to this Circular.

36. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Letter to Shareholders from the Proposed Board of Directors and the other Appendices to this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
ARTIVISION TECHNOLOGIES LTD.

Ng Weng Sui Harry
Non-Executive Chairman and Independent Director

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

MOBILE CREDIT PAYMENT PTE. LTD.

(Company Registration No. 200508714E)
(Incorporated in the Republic of Singapore)

Directors

Mr. Albert Cheok Saychuan (Chairman and Independent Director)
Mr. Koh Beng Kiok Anthony (Executive Director and Chief Executive Officer)
Mr. Ng Weng Sui Harry (Non-Executive Non-Independent Director)
Mr. Shawn Ching Wei Hung (Non-Executive Non-Independent Director)
Mr. Kesavan Nair (Independent Director)
Dr. Lillian Koh (Independent Director)

Registered Office

10 Ubi Crescent
#05-05 Ubi Techpark
Singapore 408564

31 December 2020

To: The Shareholders of Artivision Technologies Ltd.

Dear Sir/Madam

PROPOSED ACQUISITION BY ARTIVISION TECHNOLOGIES LTD. OF MOBILE CREDIT PAYMENT PTE. LTD.

1. BACKGROUND AND HISTORY

The Target Group's history began with the founding and incorporation of the Target in June 2005 by, amongst others, the Target's Managing Director, and the proposed Executive Director and Chief Executive Officer of the Company on Completion, Mr. Anthony Koh. Mr. Anthony Koh was joined by the proposed Executive Director and Chief Operating Officer of the Company on Completion, Mr. Kim, shortly thereafter in August 2005.

Shortly after its incorporation, the Target commenced business operations as a mobile payment technology solutions provider. In June 2006, the Target developed and launched its first proprietary mobile payment solution system that enabled certain mobile feature phones to function as a credit card reader and printer for the purpose of processing payments. With the development of such mobile payment solutions system, the Target was able to provide its customers with both the hardware and software necessary for such mobile phones to read credit cards, connect to bank servers (through the Target's payment gateway), and process payments wirelessly.

In August 2006, the Target received seed funding of S\$300,000 from the then SPRING Singapore (now known as Enterprise Singapore), and commenced the further development of its mobile payment solutions system into a real-time POS payment solutions system, comprising a server which supports the conduct of payment transactions through mobile phone by utilising the internet and Global System for Mobile Communications standard (GSM). Such POS payment solutions system went on to be certified by one of the Target's Payment Providers, a renowned international organisation.

With the continued development of new payment technologies in the mobile payments industry, the Target began to develop an enhanced integrated, mobile POS payment solutions system. This enhanced integrated mobile POS payment solutions system was successfully launched in January 2010.

In December 2010, the Target received further seed funding of S\$700,000 from SPRING Singapore for the rolling out of its mobile payment solutions on a wider scale.

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

The Target incorporated its wholly-owned subsidiary, Ffastpay Pte. Ltd., in August 2012 for the purposes of facilitating the leasing of its mobile POS hardware to its customers. This smartphone-enabled payment solutions system was also among the mobile payment technology solutions within Asia to be certified by major credit card providers.

With the constant evolution of technology and the advent of smartphones and mobile devices, the Target continued to innovate, and developed new solutions. In January 2013, it launched another mobile POS digital payment solutions system which was compatible for use with smartphones that run on both Google's Android and Apple's iOS operating systems. The Target provided both the hardware and software to its customers necessary to widen the range of smartphones to read credit cards, connect to bank servers via its payment gateway, and process payments.

In January 2013, the Target Group commenced operations in Malaysia through its subsidiary, MC Payment (M) Sdn Bhd.

In September 2013, the Target expanded its services offering to include bespoke software and digital platforms which are developed in accordance with the specific requirements of the Target's customers. Certain of these bespoke digital platforms have consequently gone on to win awards, such as the "Best B2B Payment Initiatives" at the Smart Awards Asia (2016) in recognition of the "Xaavan" data processing solution as a B2B payments initiative.

In September 2013, the Target undertook its Series A fundraising of S\$2,050,000 (for working capital) through the issue of convertible bonds. These convertible bonds were subsequently converted into 191,544 shares of the Target in September 2016.

In September 2014, the Target also launched its operations in Malaysia through the licensing of its mobile POS digital payment solutions system to a Malaysian telecommunications service provider, which white-labelled the same for interfacing with its own end-customers.

In March 2015, the Target expanded its business into Indonesia through a joint venture, PT MCP Indo Utama.

In addition, between January 2015 and March 2016, the Target undertook its Series B fundraising of S\$6,000,000 (for working capital) through the issue of convertible bonds. These convertible bonds were subsequently converted into 420,465 shares of the Target between May 2017 and February 2018.

In June 2016, the Target developed and launched its unified digital payment processing platform and in connection therewith, commenced operations of its MPS business segment. Under the MPS business segment, the Target provides payment processing services to merchants both physically in-store and online. In the same year, the Target Group commenced operations in Thailand through its subsidiary, MC Payment (Thailand) Co., Ltd.

Between September 2016 and November 2016, the Target undertook its Series C fundraising (for working capital) through the issue of convertible bonds. These convertible bonds were subsequently repaid pursuant to the Series C Settlement Agreement in February 2018.

In January 2017, in response to the increasing demand from tourists from the People's Republic of China ("PRC") in Southeast Asia for payment solutions, the Target acquired 90% of Genesis Payment Solutions Private Limited, which is a merchants acquirer for a major digital e-wallet in the PRC, and is accordingly able to process payment transactions using such e-wallet. Through this acquisition, the Target commenced its shift from operating solely as a payment solutions technology vendor to becoming a merchant acquiring company, providing a wider range of services to its merchants as well as the end-customers.

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

From December 2017 to June 2018, the Target undertook its Series D fundraising of S\$11,000,000 (for working capital) through the issuance of convertible bonds. Save for convertible bonds in the principal amount of S\$200,000 which have been redeemed by the relevant bondholders, S\$9,300,000 of the convertible bonds were subsequently converted into an aggregate of 408,858 shares of the Target between December 2018 and December 2020. A bondholder, Mr. Low See Ching has indicated his intention to elect to have his Series D Convertible Bonds of principal amount of S\$1.5 million redeemed post-Completion.

In 2018, the Target Group was granted payment licences from the central banks of Malaysia, Thailand and Indonesia.

Between 2017 and 2019, the Target Group had decided to re-focus its resources back in Singapore and build a strategic presence in Southeast Asia. Accordingly, the Target Group chose to exit its investments in Hong Kong and Australia and reduce its shareholding stake in Indonesia, having taken into consideration the pros and cons of venturing into such local markets, including the competitive industry environment and the significant investment costs required to enter these local payment processing services industries.

In January 2019, the Target disposed of its entire shareholding interest in MC Payment (HK) Limited for a consideration of S\$482,300 to a third-party who is not related to the Target Group and/or the Company, their directors, executive officers, controlling shareholders and respective Associates. The consideration was arrived at following arm's length negotiations between the purchaser and the Target, taking into consideration the Target's original cost of investment, that MC Payment (HK) Limited had been loss-making and the limited scale of MC Payment (HK) Limited's operations at the time of the disposal.

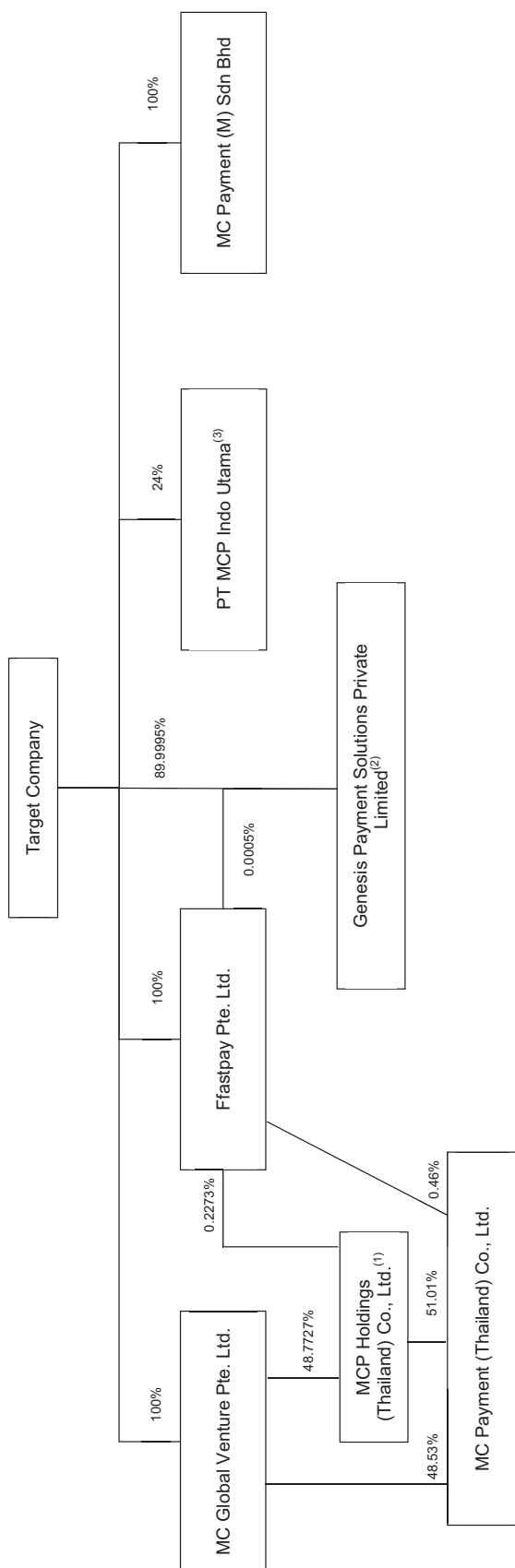
In August 2019, the Target Group made the commercial decision to sell 26.0% of its shareholding interest in PT MCP Indo Utama for a consideration of S\$353,080 to a local third-party who is not related to the Target Group and/or the Company, their directors, executive officers, controlling shareholders and respective Associates. Such decision was arrived at having considered that such local third party's investment into PT MCP Indo Utama would be strategic for the growth of PT MCP Indo Utama given his network of local contacts which could provide PT MCP Indo Utama with potential business opportunities. The Target Group also considered that this was an opportunity for it to realise part of its investment in PT MCP Indo Utama. The consideration for the sale of 26.0% of PT MCP Indo Utama's shares was arrived at after arm's length negotiations between the parties, and took into consideration PT MCP Indo Utama's financial performance at the relevant time.

In October 2019, the Target Group disposed of MC Payment Pty Ltd. for a nominal consideration of S\$1 to the original shareholder of the company. Such original shareholder is a third-party who is not related to the Target Group and/or the Company, their directors, executive officers, controlling shareholders and respective Associates. The nominal consideration was arrived at taking into consideration that MC Payment Pty Ltd was in a net liability position and dormant at the time of the disposal as the original expansion opportunity which the Target had intended to undertake in Australia had not materialised.

The Target has on 1 December 2020 obtained the Major Payment Institution (“MPI”) Licence from the MAS, to conduct payment services comprising domestic money transfer service, cross-border money transfer service and merchant acquisition service, further details of which are set out in the paragraph headed “Government Regulations, Permits and Licences – Permits and Licences” of this Appendix A.

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

2. GROUP STRUCTURE OF THE TARGET GROUP



Notes:

- (1) The remaining 51.0% of the issued share capital of MCP Holdings (Thailand) Co., Ltd is held by a Thai national, Satis Chuenpibal who heads the Target Group's operations in Thailand as Country Director. He is not related to any of the Proposed Directors, the Controlling Shareholder of the Company or their respective Associates. The Target Company (through MCP Holdings (Thailand) Co., Ltd., MC Global Venture Pte. Ltd. and Ffastpay Pte. Ltd.) is deemed to have effective interest in 74.0% of MC Payment (Thailand) Co., Ltd. The Thai Restructuring Exercise was completed in October 2020.
- (2) The remaining 10.00% of the issued share capital of Genesis Payment Solutions Private Limited is held by Jong Kim Poh, who is not related to any of the Proposed Directors, the Controlling Shareholder of the Company or their respective Associates.
- (3) The remaining 76.00% of the issued share capital of PT MCP Indo Utama is held by Handojo (24.00%), Langen Pratikno (18.21%), The Tje Min (12.50%), Valerino Wijaya (10.00%), Eru Setiawan (9.79%), and Andrey Soebekti (1.50%). None of the abovementioned shareholders is related to any of the Proposed Directors, the Controlling Shareholder of the Company or their respective Associates.

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

The details of the Target and its subsidiaries and associated companies as at the Latest Practicable Date are as follows:

Name of Company	Date and place of incorporation	Principal place of business	Principal activities	Effective ownership interest held by the Target (%)	Issued and paid-up capital
Mobile Credit Payment Pte. Ltd. ⁽¹⁾	25 June 2005, Singapore	Singapore	Merchant payment services and digital commerce enabling solutions	N/A	S\$22,069,079.89
Ffastpay Pte. Ltd. (“FPL”)	30 August 2012, Singapore	Singapore	Digital commerce enabling solutions	100	S\$1,000
Genesis Payment Solutions Private Limited	18 August 2014, Singapore	Singapore	Merchant payment services	90	S\$200,000
MC Global Venture Pte. Ltd. (“MCGV”)	16 April 2016, Singapore	Singapore	Investment holding company	100	S\$100
MC Payment (MC) Sdn. Bhd. (“MCP Malaysia”)	3 May 2011, Malaysia	Kuala Lumpur, Malaysia	Merchant payment services and digital commerce enabling solutions	100	RM3,500,000
MCP Holdings (Thailand) Co., Ltd. (“MCPHT”)	3 February 2020, Thailand	Bangkok, Thailand	Investment holding company	49 ⁽²⁾	THB2,200,000
MC Payment (Thailand) Co., Ltd. (“MCP Thailand”)	8 June 2016, Thailand	Bangkok, Thailand	Merchant payment services and digital commerce enabling solutions	74 ⁽³⁾	THB22,000,000
PT MCP Indo Utama	24 March 2015, Indonesia	Jakarta, Indonesia	Merchant payment services and digital commerce enabling solutions	24	IDR7,000,000,000

Notes:

- (1) The independent auditor to the Target Company is KPMG LLP.
- (2) MCGV and FPL collectively hold shares which entitle them to approximately 90.6% of the total votes attached to all the voting shares of MCPHT (please refer to the section below headed “Thai Restructuring Exercise” for further details).
- (3) MCGV and FPL collectively hold shares which entitle them to approximately 55.1% of the total votes attached to all the voting shares of MCP Thailand, while MCPHT holds shares which entitle it to approximately 44.9% of the total votes attached to all the voting shares of MCP Thailand (please refer to the paragraph below headed “Thai Restructuring Exercise” for further details).

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Thai Restructuring Exercise

MCP Thailand was incorporated on 8 June 2016, and was loss making in FY2017 and FY2018 mainly due to setup costs. The setup costs incurred by MCP Thailand related mainly to cost of licensing of an e-commerce gateway in Thailand, amortisation of intangible assets (being technology licensing costs), employee wages, office rental, and other miscellaneous office expenses. MCP Thailand continued to be loss-making in FY2019 as it started its payment processing business after obtaining its licence only in December 2018, and it would take time to ramp up the business. The operating costs of MCP Thailand in FY2019 mainly related to amortisation of intangible assets (being technology licensing costs), employee wages, office rental, depreciation and other miscellaneous expenses. MCP Thailand is included as part of the Target Group, notwithstanding that it is in a loss position, in view of the following: (a) it is part of the Target Group's strategy to expand regionally, which includes Thailand and (b) the Target Group believes there are growth opportunities in Thailand in view of an increasing trend of consumers favouring online purchases which afford greater convenience and availability of options; increasing online access through smartphone penetration, and accessibility of 4G and broadband access; and continued government and business support on various strategies and initiatives on the development of digitalisation in Thailand such as the Digital Government Plan 2017-2021³

Prior to the Thai Restructuring Exercise, MCGV and FPL were collectively deemed interested in 100.0% of the shares in the issued share capital of MCP Thailand as Satis Chuenpibal, Country Director, who heads the Target Group's operations in Thailand, had previously pledged his entire shareholding interests in MCP Thailand, including all the benefits attached thereto, to MCGV in consideration of a loan extended to him by MCGV. Such loan had been fully repaid and the share pledge terminated after the completion of the Thai Restructuring Exercise. Satis Chuenpibal is not related to any of the Proposed Directors, the Controlling Shareholder of the Company or their Associates.

The Thai Restructuring Exercise is undertaken in connection with the Proposed Acquisition, to rationalise the shareholding structure of MCP Thailand and MCPHT with the objective of greater local ownership, in line with the commercial intent and interests of all shareholders including eliminating any assumption of the use of a nominee structure.

Subsequent to the Thai Restructuring Exercise:

- (i) **MCPHT:** Satis Chuenpibal holds 51.0% of the issued share capital of MCPHT (comprising 11,220 preference shares which Satis Chuenpibal had subscribed for using his own funds) while MCGV and FPL collectively hold the remaining 49.0% (comprising 10,780 ordinary shares); and
- (ii) **MCP Thailand:** MCPHT in turn holds an aggregate of 51.0% of the issued share capital of MCP Thailand (comprising 86,725 ordinary shares and 25,500 preference shares) while MCGV and FPL collectively hold the remaining 49.0% (comprising 107,775 ordinary shares).

³ This information was extracted from a media release entitled "Thailand PM announces Digital Government Plan 2017-2021 to achieve integrated, citizen-centric digital government within 5 years" published by OpenGov Asia on 21 January 2018, which can be accessed at: <https://opengovasia.com/thailand-pm-announces-digital-government-plan-2017-2021-to-achieve-integrated-citizen-centric-digital-government-within-5-years/>, data accessed on 25 September 2020. OpenGov Asia has not provided consent, for the purposes of Section 249 of the SFA, to the inclusion of the above information in this Circular and is therefore not liable for such information under Sections 253 and 254 of the SFA.

While the Proposed Board of Directors and the Sponsor and Financial Adviser have taken reasonable actions to ensure that the above information has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly, none of the Proposed Board of Directors and the Sponsor and Financial Adviser or any other party has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

R&T Asia (Thailand) Limited (“**R&T Thailand**”), which has been engaged by the Company for the purposes of the Thai Restructuring Exercise, had made enquiries with the Department of Special Investigation (“**DSI**”) which has authority to investigate nominee structures in Thailand. In this regard, R&T Thailand noted that the DSI had, in a precedent case involving a group of companies with a structure similar to that of MCPHT and MCP Thailand, opined that such structure is not a nominee structure as the Thai partners in such precedent case had used their own funds to invest in the share capital of the Thai companies. The DSI had dismissed such case accordingly. In the case of MCPHT, Satis Chuenpibal had also used his own funds to subscribe for the preference shares in MCPHT, thus supporting the view that the structure of MCPHT and MCP Thailand is not a nominee structure.

In respect of the rights of preference shareholders of each of MCPHT and MCP Thailand, preference shareholders shall have one vote for every 10 preference shares held in MCPHT and every 20 preference shares held in MCP Thailand, as opposed to ordinary shareholders which shall have one vote for every ordinary share held. Save for the foregoing and the right of preference shareholders to receive dividends before the ordinary shareholders, the rights of the preference and ordinary shareholders within each of MCPHT and MCP Thailand shall be the same, and as governed by the articles of association of each of MCPHT and MCP Thailand. Under the Civil and Commercial Code of Thailand, resolutions for the appointment of directors and the liquidation of a company are required to be passed at a shareholders’ meeting of the relevant company with more than 50% of the votes in favour and not less than 75% of the votes in favour, respectively. As a result, it may be possible for the ordinary shareholders of each of MCP Thailand and MCPHT to pass the foregoing resolutions without voting by the preference shareholders. There is no liquidation preference between ordinary shareholders and preference shareholders.

Under the Foreign Business Act of Thailand (“**FBA**”), a company incorporated in the Kingdom of Thailand is required to have at least 3 shareholders and “foreigners” will be restricted from operating certain types of businesses in Thailand. Based on the shareholding structure of MCPHT immediately following the Thai Restructuring Exercise, the majority of its issued shares would be held by Satis Chuenpibal. As a result, MCPHT would therefore not be considered as a “foreigner” under the FBA and will instead be considered as a majority Thai owned company under FBA as more than 50% of its share capital is held by a Thai individual holding 51% of its issued and paid-up share capital. In view of the foregoing, as MCPHT will be considered a Thai majority owned company as described, and MCPHT holds a majority of the issued shares in MCP Thailand following the Thai Restructuring Exercise, MCP Thailand would similarly not be considered as a “foreigner” under the FBA. In the event that MCP Thailand is classified as a “foreigner”, it would be required to cease its operations immediately and apply for a foreign business licence from the Director General of the Foreign Business Committee of Thailand pursuant to the requirements of the FBA. Following receipt of its foreign business licence, MCP Thailand would be able to resume normal operations. Under the Thai Revenue Code, both Thai entities and foreign entities shall be treated in the same manner in respect of tax treatment. Save as aforementioned, there will be no other implications should MCPHT and/or MCP Thailand be classified as a “foreigner” under the FBA.

Based on the foregoing, R&T Thailand is of the view that MCPHT would not be considered as a “foreigner” under the FBA and has confirmed that the Thai Restructuring Exercise is legal, valid and in compliance with the relevant laws and regulations of Thailand and the articles of association of each of MCPHT and MCP Thailand are in compliance with the relevant laws and regulations of Thailand.

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

The Target Group has in place the following measures and internal control procedures to safeguard its interests in MCP Thailand held through MCPHT:

(a) Control over the board of directors in MCPHT and MCP Thailand

The board of MCPHT comprises Mr. Anthony Koh, Ms. Madeline Sam and Mr. Satis Chuenpibal, while the board of MCP Thailand comprises Mr. Anthony Koh, Mr. Kim, and Mr. Satis Chuenpibal.

Under the Articles of Association of each of MCPHT and MCP Thailand, there are no reserved matters at both the board and shareholders' levels which require the approval of Mr. Satis Chuenpibal. Accordingly, the Executive Directors and the Executive Officer of the Enlarged Group would have control over the board of MCPHT and MCP Thailand (as the case may be).

(b) Appointment and dismissal of directors

A general meeting of shareholders of MCPHT or MCP Thailand (as the case may be) has the power to appoint or dismiss a director of each of MCPHT or MCP Thailand. In view that the Target Company has effective majority voting rights in MCPHT and MCP Thailand, the Target Company has control over the appointment and dismissal of directors on the board of each of MCPHT and MCP Thailand.

(c) Declaration and payment of annual dividends

A general meeting of shareholders of MCPHT or MCP Thailand (as the case may be) has the power to decide on the declaration and payment of annual dividends. In view that the Target Company has effective majority voting rights in MCPHT and MCP Thailand, the Target Company would have control over the declaration and payment of annual dividends by each of MCPHT and MCP Thailand.

(d) Management of funds

The opening and closing of bank accounts have to be duly approved and authorised by the Proposed Board of Directors through proper board resolutions. Operation of the bank accounts of MCPHT and MCP Thailand would require the approval of Mr. Anthony Koh and Ms. Madeline Sam. They are also the authorised signatories for the bank accounts of MCP Thailand and MCPHT.

(e) Management of other transactions

Entering into contracts within the ordinary course of business is subject to the approval of Mr. Anthony Koh.

For transactions outside the ordinary course of business and which exceed the thresholds set out in Chapter 10 of the Catalist Rules, prior approval from the Company's shareholders would be required.

(f) Oversight of Thailand operations

Mr. Satis Chuenpibal reports to Mr. Anthony Koh, who has been providing the strategic and operational oversight to MCPHT and MCP Thailand since the Target Group established MCP Thailand in 2016. Ms. Madeline Sam oversees the financial management, financial reporting and human resources functions of MCPHT and MCP Thailand. Mr. Chew Keat Yeow, the General Manager of the Target Company, supervises the technical staff of MCP Thailand.

Taking into account the foregoing internal control procedures in place, the Proposed Board of Directors is of the view that the internal control procedures are adequate to safeguard the Target Group's interests in MCPHT and MCP Thailand.

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

3. SHARE CAPITAL AND SHAREHOLDERS / BONDHOLDERS

3.1 Share Capital

The Target was incorporated in Singapore on 25 June 2005 under the Companies Act as a private company limited by shares, under the name of “Mobile Credit Payment Pte. Ltd.”. As at the date of incorporation, the issued and paid-up share capital of the Target was S\$50,000 comprising 50,000 shares. The Target’s Executive Chairman and Chief Executive Officer, Mr. Anthony Koh, Mr. Lau Yow Guan⁴ and Mr. Ng Meng Yang Gary⁵ were the initial subscribers and were issued and allotted with 16,667, 16,667 and 16,666 shares, respectively.

Since the date of the Target’s incorporation, the Target has issued and allotted shares at various points in time. Please refer to the paragraph headed “General and Statutory Information – Share Capital” of this Appendix A for further details.

As at the Latest Practicable Date, the Target’s issued and paid-up share capital was S\$22,069,079.89 comprising 2,230,867 Shares.

3.2 Target Directors, Target Shareholders and Target Bondholders

As at the date of this Circular, the Target Directors, Target Shareholders and Target Bondholders, together with details of their respective shareholdings in the Target, are as follows:

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Target Directors				
Koh Beng Kiok Anthony	230,500	10.33	–	–
Kim Moon Soo	55,000	2.47	–	–
Choy Eunsik	64,500	2.89	–	–
Toh Soon Huat	143,813	6.44	–	–
Target Shareholders				
Goh Way Siong	197,333	8.85	–	–
Lee Hock Eng	53,041	2.38	–	–
Lee Yew Shin	143,813	6.45	–	–
NCK Global Capital Pte Ltd	170,000	7.62	–	–
Crest SCD Pte Ltd	72,000	3.23	–	–
Jeffery Ong	131,642	5.90	–	–
Chan Yew Chuen	23,359	1.05	–	–
Chua Long Seng	16,069	0.72	–	–
Seah Poh Hui	38,031	1.70	–	–
Tan Kwee Hock	9,344	0.42	–	–
Ng Cheo Beng	17,344	0.78	–	–
Ng Hwee Hwee	31,785	1.42	–	–
Leong Yin Ping	30,512	1.37	–	–
Ho Mun Sang	17,621	0.79	–	–
Joey Chang Wei Nang	44,582	2.00	–	–
Tay Ling Tat	9,344	0.42	–	–
Lee Soo Liap	28,136	1.26	–	–
ESW Manage Pte Ltd	140,155	6.28	–	–
Wong Yat Foo	35,039	1.57	–	–
Chee Kwang How	17,519	0.79	–	–
TH MCP Capital Limited	35,039	1.57	–	–

⁴ Mr. Lau Yow Guan disposed of all his shares on 19 May 2009.

⁵ Mr. Ng Meng Yang Gary disposed of all his shares on 13 April 2006.

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ACD MCP Capital Limited	35,038	1.57	–	–
Tje Min The	17,519	0.79	–	–
Intellect Asia Holdings Pte Ltd	35,039	1.57	–	–
MCN Investments Ltd	70,077	3.14	–	–
Tan Seo Boon	14,648	0.66	–	–
Lo Yiang Gek	7,008	0.31	–	–
Tan Yong Hoa	42,446	1.90	–	–
Lee Yuet Wah	84,893	3.81	–	–
Seah Pei Pei	15,690	0.70	–	–
Seah Ying Ying	15,690	0.70	–	–
Tee Wee Sien (Zheng Weixian)	137,298	6.15	–	–

Target Bondholder	
Name	Principal amount of Series D Convertible Bonds outstanding
Low See Ching	S\$1,500,000

As at the Latest Practicable Date:

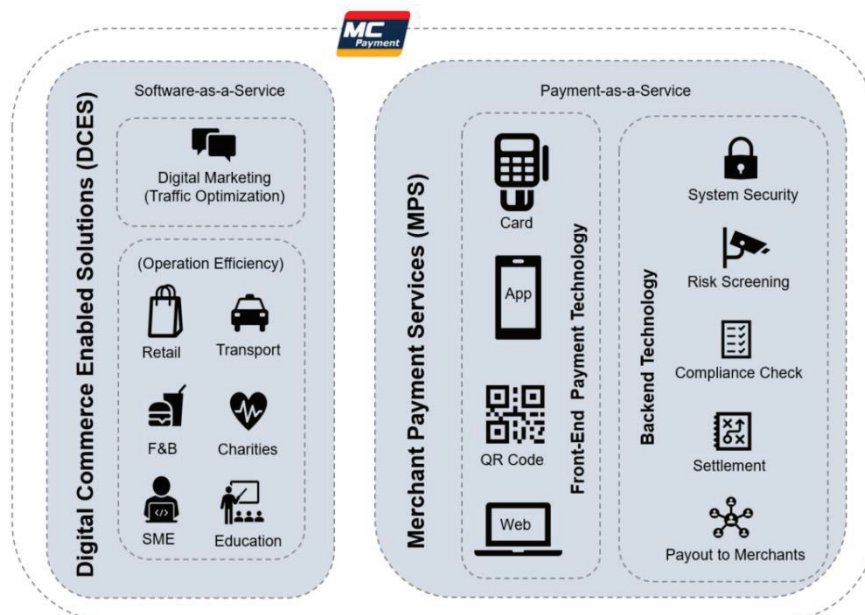
- (a) there has not been any public take-over offer by a third party in respect of any of the shares of any company in the Target Group or by any company in the Target Group in respect of shares of another corporation or the units of a business trust, which has occurred from 1 January 2019 to the Latest Practicable Date;
- (b) save as disclosed in Section 18 of this Circular, none of the Target Group Companies is directly or indirectly owned or controlled, whether severally or jointly, by any person or government;
- (c) other than as contemplated by the Proposed Acquisition, the Proposed Board of Directors is not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of the Target Group;
- (d) no option to subscribe for the Target Shares and/or any of the shares of the Target Group has been granted to, or was exercised by, any of the Proposed Directors;
- (e) the Introducer will be issued 61,491 Target Shares after the Ordinary Resolutions and Special Resolutions set out in this Circular had been duly passed; and
- (f) Mr. Low See Ching has indicated his intention to elect to have his Series D Convertible Bonds redeemed post-Completion.

Details of the changes in the issued and paid-up capital of the Target in the last three (3) years preceding the Latest Practicable Date are set out in the paragraph headed “General and Statutory Information – Share Capital” of this Appendix A. Save as disclosed in the paragraph headed “General and Statutory Information – Share Capital” of this Appendix A, there have been no significant changes in the percentage of ownership of the Target Group in the last three (3) years preceding the Latest Practicable Date.

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4. BUSINESS AND BUSINESS PROCESSES OF THE TARGET GROUP

The Target Group is a FinTech group that is principally engaged in the provision of merchant payment services and digital commerce enabling services with a focus on servicing merchants in the retail, transportation and food and beverage industries. The Target Group is headquartered in Singapore and has a business presence in various parts of Southeast Asia, namely, Malaysia, Indonesia and Thailand.



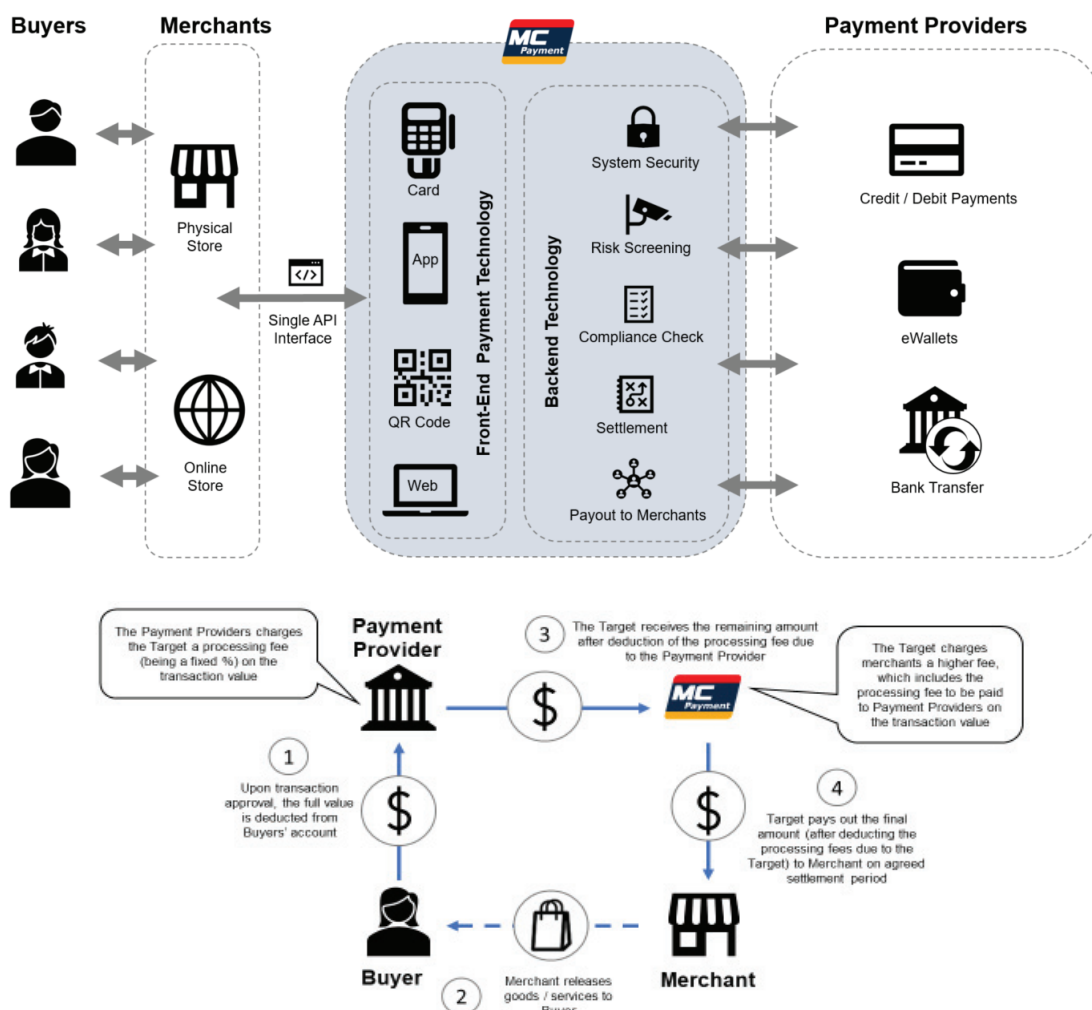
Merchant Payment Services (“MPS”)

Under this business segment, the Target Group provides payment processing services to merchants, through its unified payment platform. The platform aggregates two different technological solutions by nature, namely (a) online payment and (b) in-store payment, into a single-point offering, providing a unified O2O (“**online to offline**”) solution to merchants. Payment modes supported by these two payment technological solutions includes e-wallets, credit cards, debit cards and bank transfer. The Target Group charges for its online payment processing services on a transaction-by-transaction basis, with fees per transaction for each payment processed. These transactions are categorised into:

- (a) Online payment processing: the Target Group provides online payment processing services to online merchants, who could integrate their websites and mobile applications securely on to the unified payment platform. When online customers initiate the checkout payment process, payment options available at the merchants’ sites include credit or debit cards, e-wallets or bank transfers.
- (b) In-store payment processing: the Target Group also provides in-store payment processing services to merchants with physical stores. Merchants can install a smart software application (“**Smart App**”) onto any smart device, including mobile phones, tablets, and smart point-of-sale (“**POS**”) terminals (“**Smart POS**”) and instantaneously process payments from multiple cards and payment methods. The Target Group’s Smart App and Smart POS services utilise multiple secured communication methods, such as QR codes and near field communication which enable wireless data transfer between devices. End customers can easily scan the QR code of the relevant merchant, or tap their bank cards to complete the payment transaction. The Smart App is also able to, amongst others, facilitate loyalty and reward schemes, coupons, and collect and analyse data.

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For illustration purposes, below are diagrammatic representations of (i) the relationship between the Target Group and its customers and suppliers and (ii) the money flow in a typical MPS transaction:



The Target Group's suppliers under the MPS business segment comprise various Payment Providers. The Target Group's customers under the MPS business segment mainly comprise online and physical merchants, and partners which connect it to the end merchants ("**Merchant Partners**"), to which the Target Group provides its payment processing services.

The Target Group provides various settlement services to merchants through its Smart App or proprietary unified platform, according to the terms of its agreements with such merchants and in accordance with the Target's internal risk management policies pertaining to settlement. For each successful transaction between a merchant and its end customer, a processing fee will be deducted from the total settlement amount being paid to the merchant based on a fixed percentage of the transaction value. Such processing fee comprises a processing fee payable to the issuing Payment Provider and the service fee payable to the Target Group by the merchant for the provision of its MPS.

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Digital Commerce Enabling Services (“DCES”)

Under this business segment, the Target Group provides ancillary services to its customers on a non-transactional or project basis. These ancillary services may be categorised into:

- (a) Sale/lease of Smart POS terminals: Merchants who engage the Target Group for the provision of its in-store payment processing services also require a Smart POS terminal through which the Target Group’s MPS may be provided. The Target Group sells or leases out such Smart POS terminals, which are pre-installed with the Target Group’s proprietary unified payment platform, to such merchants.
- (b) Software-as-a-service (“SaaS”) and white-labelling: the Target Group also provides (i) proprietary and licensed software as a service to its customers. In this regard, the Target Group has launched its software which is able to facilitate the ordering and payment of food and beverage items; (ii) white-label software wherein its proprietary or licensed software is rebranded for use by its customers; and (iii) bespoke software developed specifically for its customers’ use. The foregoing services leverage on the Target Group’s core, in-house developed unified platform and Smart App which serve as a base software and are customisable to various customers’ specifications, thereby enabling the Target to provide simple and quick solutions to its customers. For instance, for the Target Group’s merchant customers in the food and beverage industry, the base software can be modified to provide for “QR code enabled ordering” solutions or offline-to-online ordering solutions for end-customers, such that neither the merchants nor the end-customers are bound by their physical localities. The base software may also be programmed into a comprehensive management system for the merchants’ entire operations, providing merchants with a solution that enables it to serve its customers more efficiently by integrating payment processing functions, POS abilities and value-added features (such as customer relationship management (CRM), real-time sales monitoring and inventory monitoring).

The customers under the Target Group’s DCES segment mainly comprise online and physical merchants, and Merchant Partners which subscribe to the Target Group’s Smart POS terminals and/or proprietary software service to facilitate the transactions processes for its end-customers.

5. MARKETING AND BUSINESS DEVELOPMENT

The Target Group’s overall marketing and business development activities are headed by the proposed Executive Director and Chief Executive Officer, Mr. Anthony Koh. Mr. Anthony Koh is supported by the Target Group’s marketing department, and together, they are responsible for developing strategies to increase the Target Group’s market presence.

The Target Group markets its platforms, products, services and brand through the following means:

5.1 Direct Sales

The Target Group’s sales and marketing team is responsible for acquiring merchants and engaging key industry stakeholders (such as international credit card companies, e-wallets and established merchants with a large customer-base) to license and implement its platforms, or use its products and services. The Target Group typically makes first contact at industry conferences, summits or seminars, and establishes relationships from there. To maintain relationships with these stakeholders and customers, feedback is regularly obtained from both suppliers and customers of the Target Group on its products and services, in addition to updates and improvements on them in anticipation of emerging trends in the FinTech industry.

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5.2 Referrals and Industry Introductions

To the best of its knowledge, the Target Group has become a trusted FinTech company that provides MPS and DCES to its merchants. The Target Group's partnership with, amongst others, (1) renowned and widely used Payment Providers, (2) Merchant Partners with extensive networks of end merchants which require the Target Group's payment solutions, and (3) merchants some of which are household names in Singapore, has given it access to new customers. In addition, the Target Group has benefitted from the referrals from its existing customer base of merchants as well as the Payment Providers with which it collaborates.

The Target Group also leverages on the reputation of its senior management who have established track records in the FinTech industry in maintaining relationships with its customers. The Target Group will continue to cultivate brand loyalty and goodwill amongst existing customers by fostering long-term relationships with them.

5.3 Corporate Website And Online Advertisements

The Target Group's corporate website provides information on its platforms, as well as the products and services it is able to provide, and is also an avenue for the Target Group to raise its profile among potential customers and stakeholders. The Target Group routinely publishes updates on its offerings and other marketing materials on its corporate website. The corporate website also serves as a customer outreach platform through which the Target Group's customers may provide feedback to the Target on its products and services offerings. **Information contained in the Target Group's corporate website does not constitute part of this Appendix A.**

In addition, the Target Group implements a variety of marketing activities including web-based digital advertising and other marketing initiatives which may include internet search engines, social media and third party websites to promote the product and service offerings in its various business segments. The Proposed Board of Directors believes such advertising enhances the public profile of the Target Group.

6. MAJOR CUSTOMERS AND SUPPLIERS

6.1 Major Customers

The customers of the Target Group which accounted for five percent (5.0%) or more of the Target Group's total revenue in the Period Under Review are set forth below.

Customers	As a percentage of total revenue (%)				
	FY2017	FY2018	FY2019	1H2019	1H2020
Customer A ⁽¹⁾	–	–	9.4	1.8	17.8
Customer B ⁽²⁾	5.1	3.0	0.5	1.7	1.5
Rising Sun Payment Asia Corporation ⁽³⁾	–	12.0	12.3	11.7	15.9
Customer C ⁽⁴⁾	–	14.5	7.6	8.3	15.0
Customer D ⁽⁵⁾	–	–	9.6	6.8	5.1
Customer E ⁽⁶⁾	–	–	5.3	6.2	2.7
Customer F ⁽⁷⁾	2.5	8.6	0.5	1.1	–
Mo Chain Pte Ltd ⁽⁸⁾	–	13.7	–	–	–
Customer G ⁽⁹⁾	–	–	–	–	7.1
Customer H ⁽¹⁰⁾	–	–	3.7	5.4	6.0

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Notes:

- (1) Customer A, a private company incorporated in Singapore which is primarily engaged in management consultancy services, has been a merchant of the Target Group since 1H2019, where the Target Group processes the payments of Customer A under its MPS business segment. The increase in percentage revenue contribution from Customer A in 1H2020 was mainly due to the increase in transaction value processed by the Target Group.
- (2) The Target Group leases, and provides training for, its wireless POS (“wPOS”) and mobile POS (“mPOS”) devices to the merchants of Customer B, a merchant acquirer incorporated in Singapore and which offers online and offline payment solutions to corporations and small and mid-sized merchants in Singapore. Customer B is a subsidiary of an established group which is reputedly one of the global leaders in the payments and financial technology industry, offering digital banking, payments and card issuer processing services to financial institutions. The group is listed on the New York Stock Exchange. The group recorded revenue of USD10.2 billion, net income of USD914 million and operating cashflow of USD2.8 billion in the financial year ended 31 December 2019. The decrease in percentage revenue contribution from Customer B in FY2018 was mainly due to the phasing out of wPOS and mPOS devices.
- (3) Rising Sun Asia Payment Corporation (“RSAP”) is a master merchant of the Target Group, where RSAP would divert the transactions of its merchants (“sub-merchants”) to be processed via the payment platform of the Target Group. The increase in percentage revenue contribution by RSAP in FY2019 was mainly due to the increase of RSAP’s merchant base and transaction value processed by the Target Group for the sub-merchants. The percentage revenue contribution from RSAP increased from 11.7% in 1H2019 to 15.9% in 1H2020 mainly due to an increase in transaction value processed by the Target Group for the sub-merchants.
- (4) Customer C, a private company incorporated in Malaysia which is primarily engaged in providing business and electronic payment transactions solutions, commenced the purchases of UnionPay pre-paid cards from the Target Group for distribution in Malaysia in the second half of FY2018. Although the percentage revenue contribution from Customer C decreased from 14.5% in FY2018 to 7.6% in FY2019, the absolute amount of revenue increased by S\$0.3 million due to a full year revenue contribution in FY2019. The reduced percentage contribution was mainly due to greater growth in revenue contribution from the MPS business segment in FY2019.
- (5) Customer D, a full-service marketing firm that is known for the delivery of memorable, highly effective promotional campaigns and materials, became a merchant of the Target Group since 1H2019. Although the percentage revenue contribution from Customer D decreased from 6.8% in 1H2019 to 5.1% in 1H2020, the absolute amount of revenue increased by S\$0.1 million mainly due to the increase in transaction value processed by the Target Group. The Target Group has ceased business dealings with Customer D in March 2020.
- (6) Customer E, a private company incorporated in Singapore in 2012 which is primarily engaged in the development of software and programing activities and remittance services, became a merchant of the Target Group since 1H2019. Although the percentage revenue contribution from Customer E decreased from 6.2% in 1H2019 to 2.7% in 1H2020, the absolute amount of revenue increased marginally by less than 1.0%.
- (7) The Target Group developed payment solutions for Customer F, which is a subsidiary of a well established technology group in the global payments industry. In the financial year ended 31 December 2019, the group recorded revenue of USD25.0 billion, net income of USD8.1 billion and operating cash flow of USD8.2 billion. The increase in percentage revenue contribution from Customer F in FY2018 was mainly due to a taxi hailing application that the Target Group developed for Customer F.
- (8) The Target Group secured a blockchain related project from Mo Chain Pte. Ltd. in FY2018.
- (9) Customer G, a company incorporated in Singapore which is primarily engaged in management consultancy services, is a merchant of the Target Group, which relationship was established in 1H2020.
- (10) Customer H, a company incorporated in Cyprus which is primarily engaged in the provision of business treasury and back office services, is a merchant of the Target Group, which relationship was established in 1H2019.

Save as disclosed above, none of the customers accounted for five percent (5.0%) or more of the Target Group’s total revenue for the Period Under Review. For the Period Under Review, the business or profitability of the Target Group is not materially dependent on any single customer / merchant.

As at the Latest Practicable Date, to the best of the Proposed Directors’ knowledge and belief, save for the cessation of business dealings with Customer D in March 2020, the Proposed Directors are not aware of any information or arrangement which would lead to a cessation or termination of the Target Group’s relationship with any of its major customers.

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As at the Latest Practicable Date, none of the Proposed Directors, Proposed Executive Officer, Substantial Shareholders or their respective Associates have any interest, direct or indirect, in and/or are involved in the management of any of the major customers.

To the best of the Proposed Directors' knowledge and belief, there is no arrangement or understanding with any customers pursuant to which any of the Proposed Directors and Proposed Executive Officer was appointed.

6.2 Major Suppliers

The suppliers of the Target Group which accounted for five percent (5.0%) or more of the Target Group's total purchases in the Period Under Review are set forth below.

Suppliers	As a percentage of total purchases (%)				
	FY2017	FY2018	FY2019	1H2019	1H2020
Supplier A ⁽¹⁾	49.3	23.9	58.5	69.5	52.6
Supplier B ⁽²⁾	–	–	–	–	9.5
Supplier C ⁽³⁾	29.7	5.3	0.9	1.2	6.5
Supplier D ⁽⁴⁾	1.8	16.5	6.2	10.8	1.4
Fujian Newland Payment Technology Co., Ltd. ⁽⁵⁾	–	7.8	–	–	–
Supplier E ⁽⁶⁾	–	25.8	12.2	13.3	25.3

Notes:

- (1) Supplier A is a Payment Provider of the Target Group with respect to a particular payment method. Supplier A is a subsidiary of a well established globally integrated payments group which provides credit and charge cards to consumers, small businesses, mid-sized companies and large corporations around the world. The group recorded revenue of USD43.6 billion, net income of USD6.8 billion and operating cashflow of USD13.6 billion in the financial year ended 31 December 2019. The decrease in percentage of purchases contribution from Supplier A in FY2018 was due to a change in licensing requirement by Supplier A in FY2017, resulting in the Target Group temporarily halting Supplier A's payment method offering in the first half of FY2018. Upon meeting the relevant licensing requirements, the Target Group resumed use of Supplier A's payment method offering in the second half of 2018. Although the percentage of purchases contribution from Supplier A decreased from 69.5% in 1H2019 to 52.6% in 1H2020, the absolute amount of purchases increased by S\$0.9 million.
- (2) Supplier B is a Payment Provider of the Target Group and a leader in cross-border payment services, which relationship was established in 1H2020.
- (3) Supplier C, a merchant acquirer, offering online and offline payment solutions to corporations and small and mid-sized merchants in Singapore, is a Payment Provider of the Target Group. The decrease in percentage of purchases contribution from Supplier C in FY2018 was mainly due to the cessation of the Target Group's online shopping mall, and cessation of the payment processing services to a limousine taxi services company towards the end of FY2017. The increase in percentage of purchases contribution from Supplier C in 1H2020 was mainly due to increase in transaction value processed under the Direct Model with Supplier C. Supplier C is also the Target Group's Customer B. The Target Group has ceased business dealings with Supplier C, as a Payment Provider, in June 2020.
- (4) Supplier D, is a Payment Provider of the Target Group since FY2017. With a reach of over a billion users and 80 million merchants, Supplier D provides digital finance technology, customer reach and risk management solutions to partner financial institutions, enabling them to provide services in consumer credit, small and micro business credit, investments and insurance. Supplier D's services bring significant value to consumers and small businesses whose financial needs are substantially underserved in the PRC. The increase in percentage of purchases contribution in FY2018 and the increase in absolute amount of purchases in FY2019 was mainly due to increase in purchases by the customers of the Target Group's merchants using Supplier D's payment method. The decrease in percentage of purchases contribution from Supplier D from 10.8% in 1H2019 to 1.4% in 1H2020 was mainly due to reduction in purchase transactions from PRC tourists at retail stores arising from the travel restrictions and "circuit breaker" measures to curb the spread of COVID-19.
- (5) Fujian Newland Payment Technology Co., Ltd. supplies Smart POS terminals to the Target Group in FY2018. The Target Group orders such Smart POS terminals from such suppliers on an as-needed basis.
- (6) Supplier E, a pre-paid card distributor, supplies UnionPay pre-paid cards to the Target Group. Supplier E is approved by the Philippines Central Bank as a non-bank financial institution. It is also approved as an electronic money issuer, and a direct member of UnionPay International, JCB International and BancNet as electronic money issuer affiliate. The Target Group makes periodic purchases of such pre-paid cards from Supplier E for subsequent sale to Customer C.

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The Proposed Board of Directors is of the reasonable view that the Target Group's risk of dependency on Supplier A is mitigated in view of the following:

- (a) it is part of the Target Group's strategy to increase the processing of transactions of the same payment method through a diverse base of other Payment Providers. In 1H2020, the Target Group also began processing Supplier A's payment method transactions for some of its merchants through another Payment Provider, Supplier B;
- (b) as part of its strategy, the Target Group actively seeks to increase its portfolio of payment methods offered under its MPS business segment. Since its shift to the Direct Model in FY2017, the number of payment methods offered by the Target Group under its MPS business segment grew from one (1) in FY2017 to nine (9) in 1H2020. With a larger base of payment methods, the Target Group believes that it would be able to grow the value of transactions processed through other payment methods; and
- (c) it is the end consumers, and not the Payment Providers, who dictate the choice of payment methods used.

The percentage of purchases contribution from the Payment Providers varies depending on the value of the payments transacted by the retail customers of the Target Group's merchants using the various payment methods.

Save in respect of its agreements with certain of its Payment Providers and Supplier E which have tenures of more than a year, the Target Group did not enter into contracts with any of its major suppliers for a period of more than one year. Save as disclosed above, there is no other supplier which accounted for five percent (5.0%) or more of the Target Group's total purchases in the Period Under Review. Save for Supplier A, the Target Group's business or profitability is not materially dependent on any single supplier.

As at the Latest Practicable Date, to the best of the Proposed Directors' knowledge and belief, save for the cessation of business dealings with Supplier C as a Payment Provider in June 2020, the Proposed Directors are not aware of any information or arrangement, which would lead to a cessation or termination of the Target Group's relationship with any of its major suppliers.

As at the Latest Practicable Date, none of the Proposed Board of Directors, Proposed Executive Officer, Substantial Shareholders or their respective Associates have any interest, direct or indirect, in and/or are involved in the management of any of the major suppliers.

To the best of the Proposed Directors' knowledge and belief, there is no arrangement or understanding with any suppliers pursuant to which any of the Proposed Directors and Proposed Executive Officer was appointed.

7. CREDIT MANAGEMENT

7.1 Credit Terms Offered to Customers

Under its MPS business segment, the Target Group deducts the fees it charges its merchants for payment processing prior to disbursement to them of the balance transaction monies collected from the end retail customers. For some merchants, the Target Group may collect up to 10.0% of the merchants' transaction value and hold it for a period of up to six (6) months as security deposits against future chargebacks and/or refunds ("**Security Deposits**"). In relation to other auxiliary fees, such as setup fees and leasing fees for its Smart POS terminals, the Target Group typically offers its merchants a credit term of between seven (7) and 14 days.

Under its DCES business segment, the Target Group typically collects an up-front fee of up to 50.0% of the contract value from its customers, and offers a credit term of up to 30 days for each subsequent milestone payments.

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The Target Group will review its trade receivables and follow up on the outstanding receivables with its customers. According to the Target Group’s policy, it will provide allowance for doubtful debts, on a quarterly basis, for its trade receivables that are aged over 90 days and with recoverability issues. The Target Group will review its long outstanding trade debts on an annual basis, and specific provision and write-off will be made if the Target Group is of the view that the collectability of an outstanding debt is impaired or the debt is uncollectable.

The Target Group’s trade receivables turnover during the Period Under Review were as follows:

	FY2017 ⁽²⁾	FY2018 ⁽²⁾	FY2019 ⁽²⁾	1H2020 ⁽³⁾
Trade receivables turnover days ⁽¹⁾	78	125	181	60

Notes:

- (1) Closing trade receivables have been adjusted to exclude transaction monies receivables from the Payment Providers of the Target Group, which will subsequently be paid out to the merchants of the Target Group. Revenue has been adjusted to exclude revenue from fees charged to the Target Group’s merchants. Accordingly, the trade receivables turnover days set out in the table are reflective of the Target Group’s DCES business segment.
- (2) Trade receivables turnover days for FY2017, FY2018 and FY2019 are computed based on: (trade receivables/ revenue) x 365 days
- (3) Trade receivables turnover days for 1H2020 is computed based on: (trade receivables/ revenue) x 182 days

The trade receivables turnover days increased from 78 days in FY2017 to 125 days in FY2018 mainly due to the increase in sale of prepaid cards made in December 2018. The increase in trade receivables turnover days to 181 days in FY2019 was mainly due to (i) work performed in respect of DCES projects but not billed as at 31 December 2019, and (ii) sale of prepaid cards made in December 2019, and (iii) decrease in revenue from the DCES business segment due to lower-value projects undertaken in FY2019. Trade receivables turnover days decreased to 60 days in 1H2020 mainly due to more prompt follow-up on outstanding payments.

The impairment loss on trade receivables and/or written off bad debts arising from trade receivables of the Target Group amounted to S\$0.7 million, S\$0.4 million and S\$0.1 million in FY2017, FY2018 and FY2019 respectively. The Target Group recorded a reversal of impairment loss of approximately S\$9,000 in 1H2020.

As at the Latest Practicable Date, approximately S\$4.5 million (or 64.9%) of the net trade receivables (being trade receivables net of allowance for impairment) as at 30 June 2020 had been collected. The Target Group confirms that it does not foresee any issues with collecting the remaining net trade receivables of approximately S\$2.4 million as at 30 June 2020, and it is of the view that there is no requirement to make allowance for impairment of the aforementioned receivables, taking into consideration that the receivables of approximately S\$2.4 million related to monies due from a certain Payment Provider (“**PP A**”), which is owned by a sole shareholder (“**PP Shareholder**”), through an intermediary agent. PP A has been ordered by the Financial Conduct Authority of the UK (“**FCA**”) not to dispose of its assets or any of the funds it holds in relation to the payment services it provides, and the funds that it holds in relation to payment services are reportedly being safeguarded by FCA to protect the interests of PP A’s customers. The auditor appointed for purposes of an audit exercise on PP A has sought confirmation on the amount owing to the Target Group by PP A through an intermediary agent. To the best knowledge of the Target Group, the audit exercise has been concluded and is currently pending FCA’s approval to release the overdue monies in due course. Nevertheless, the Target Group is in the midst of negotiating a settlement agreement with the PP Shareholder to offset the aforementioned receivables of S\$2.4 million against monies owing by the Target Group to one of its major customers (Customer A) which is wholly-owned by the PP Shareholder, and will use its best endeavors to finalise the settlement agreement prior to Completion.

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7.2 Credit Terms Granted by Suppliers

Under its MPS business segment, Payment Providers will deduct the fees they charge before disbursement of the balance of the transaction monies to the Target Group for subsequent disbursement to its merchants. Certain Payment Providers may collect up to 5.0% of transaction value and/or fixed amount from the Target Group, and hold it for a period of up to six (6) months as security deposits against future chargebacks and/or refunds.

The Target Group purchases Smart POS terminals and other auxiliary hardware on an as-need basis. A deposit of up to 30.0% would be collected by such suppliers depending on the Target Group's relationship with such supplier, and the Target Group will make payment of the balance upon receipt of the products.

Under the DCES business segment, the Target Group may engage third party service providers to develop certain parts of a software. Such outsourced service providers would typically offer the Target Group a credit term of up to 30 days, from the completion of the work required.

The Target Group's trade payables turnover during the Period Under Review were as follows:

	FY2017 ⁽²⁾	FY2018 ⁽²⁾	FY2019 ⁽²⁾	1H2020 ⁽³⁾
Trade payables turnover days ⁽¹⁾	77	48	42	11

Notes:

- (1) Closing trade payables have been adjusted to exclude transaction monies and Security Deposits payable to the merchants of the Target Group. Cost of sales has been adjusted to exclude fees charged by Payment Providers. Accordingly, the trade payables turnover days set out in the table are reflective of the Target Group's DCES business segment.
- (2) Trade payables turnover days for FY2017, FY2018 and FY2019 are computed as follows: (trade payables/ cost of sales) x 365 days
- (3) Trade payables turnover days for 1H2020 is computed as follows: (trade payables/ cost of sales) x 182 days

Trade payables turnover days of the Target Group decreased from 77 days in FY2017 to 48 days, 42 days and 11 days in FY2018, FY2019 and 1H2020 respectively mainly due to more prompt repayment of trade payables by the Target Group.

There are no adverse implications on the cash flow and/or working capital of the Target Group arising from the material difference in the timing of the collection from customers and payments to suppliers, in view of the following:

- (a) the trade receivables turnover days and the trade payables turnover days as respectively set out in paragraph 7.1 and paragraph 7.2 of this Appendix A are reflective of the Target Group's DCES business segment only. The DCES business segment is not the Target Group's main revenue contributor, with contributions amounting to only 9.1% and 15.5% of the Target Group's total revenue in FY2019 and 1H2020 respectively;
- (b) it is not meaningful to compute and present the trade receivables or trade payables turnover days for the Target Group's MPS business segment in view of the operating cash flow arrangement involved. The Payment Providers will deduct the fees they charge to the Target Group before disbursement of the remaining transaction monies collected from end retail customers to the Target Group (generally within two (2) weeks from the date of transaction). Once the Target Group receives the transaction monies from the Payment Providers, it will deduct the fees it charges its merchants for payment processing prior to disbursement of the balance transaction monies to the merchants (generally within a week from the receipt of transaction monies from the Payment Providers). The timelines for disbursement of the

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transaction monies by the Target Group to its merchants would, in practice, take into account the timelines for the transfer of transaction monies from Payment Providers to the Target Group. Accordingly, barring any unforeseen circumstances, the Target Group will receive the transaction monies from Payment Providers before transferring the transaction monies to its merchants. Save for the delay in disbursement by PP A, the Target Group has confirmed that there were no past incidents of any delays in disbursement by its Payment Providers which had a material impact on the Target Group, including its cash flows. Please refer to the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position – Liquidity and Capital Resources” in this Appendix A for further details; and

- (c) the MPS business segment is the key business contributor to the Target Group. As evident from (b) above, the MPS business segment does not face any material concerns regarding timing difference between payment and collection.

8. INVENTORY MANAGEMENT

Due to the nature of the Target Group’s business, it does not carry any inventory.

9. QUALITY ASSURANCE

The Target Group places a strong emphasis on quality control to ensure that its platforms, products and services comply with the relevant laws, rules and regulations, and to maintain its reputation and market standing. Some of the internal controls, standards and procedures adopted include:

9.1 Robustness And Security Testing

Robustness is the ability of a platform or system to prevent, detect, adapt to and recover from operational problems. Robustness and security testing takes place throughout development, and is performed to ensure the delivery of a quality platform, product and/or service.

9.2 Stress Testing

The Target Group deliberately stress tests a platform or system by pushing it beyond its specified limits, allowing for an assessment to be made on its ability to handle unexpected loads.

9.3 Compliance With The Payment Card Industry (“PCI”) Data Security Standard

The Target Group submits its systems for assessment by auditors accredited by the PCI Security Standards Council and is certified as compliant with the PCD Data Security Standard Requirements to the highest level (Level 1), including compliance with *inter alia* (i) the installation and maintenance of a firewall configuration to protect cardholder data, (ii) not using vendor-supplied defaults for system passwords and other security parameters, (iii) protecting stored cardholder data, (iv) encrypting the transmission of cardholder data across open public networks, (v) protecting all systems against malware and regularly updating anti-virus software or programmes, (vi) developing and maintaining secure systems and applications, (vii) restricting access to cardholder data by business “need-to-know”, (viii) identifying and authenticating access to system components, (ix) restricting physical access to cardholder data, (x) tracking and monitoring all access to network resources and cardholder data, (xi) regularly testing its security systems and processes, and (xii) maintaining a policy that addresses information security for all personnel. The Target Group’s systems are subject to an audit by PCI Security Standards Council on an annual basis, to determine if its certification of compliance with the PCD Data Security Standard Requirements will be renewed. The latest certificate of compliance from PCI Security Standards Council was dated 10 July 2020 and is valid until 9 July 2021.

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9.4 Merchant onboarding

Prior to onboarding its merchants, the Target Group conducts screening and assessment of the merchants such as (a) requesting for know-your-client (“**KYC**”) documents/ information to identify the merchants, (b) conducting site visits to merchants’ outlets or reviewing the merchants’ websites, and (c) conducting KYC, anti-money laundering (“**AML**”) and counter terrorism financing checks using established KYC platforms.

9.5 Ongoing monitoring of merchants

The Target Group conducts risk assessment reviews of its existing merchants on a periodic basis. The Target Group reviews the websites of all its existing merchants on a periodic basis, and also subscribes to well established KYC platforms which will prompt the Target Group on a weekly basis if any of its existing merchants is listed on a sanctions list.

The risk and compliance team will also monitor transactions of sub-merchants on a weekly basis, with attention paid to any increase in transaction volume, chargeback ratio, refund ratio and large ticket size transactions. The risk and compliance team will also request for supporting documents from the sub-merchants, for the purposes of verifying any suspicious transactions.

10. RESEARCH AND DEVELOPMENT

As a FinTech establishment, the Target Group has expended significant resources through the years to develop software for its MPS platform and the amount has been capitalised as intangible assets which will be amortised annually. As at 30 June 2020, the intangible assets amounted to S\$1.2 million. The Target Group also carries out regular research and development activities, particularly, in connection with the development of new products and services as the Target Group competes with its competitors based on, amongst other things, brand image, variety of products and services (including the number of payment methods which the Target Group is able to support), quality of the same, and price. Thus, the Target Group keeps itself continually updated on and apprised of the new developments in the FinTech and payment solutions industry.

During the Period Under Review, the Target Group’s research and development expenditure related to amounts incurred for the development of software and system upgrades. The Target Group’s research and development costs amounted to S\$1.0 million, S\$0.4 million, approximately S\$77,000 and approximately S\$68,000 in FY2017, FY2018, FY2019 and 1H2020 respectively, of which S\$0.9 million and approximately S\$47,000 were capitalised as intangible assets in FY2017 and FY2019 respectively. The Target Group’s research and development costs accounted for 34.7%, 17.0%, 0.9% and 1.1% of the revenue of the Target Group in FY2017, FY2018, FY2019 and 1H2020 respectively. The research and development costs in FY2017 was mainly attributable to software development for the Target Group’s MPS platform. In FY2018, the research and development costs was mainly due to technology enhancements to the Target Group’s settlement system. In FY2019 and 1H2020, the research and development costs mainly related to minor system and software upgrades.

The Target Group also consistently monitors market developments, which allows the FinTech, MPS and DCES products designed and developed by the Target Group, to be at the forefront of innovation and to meet the needs and requirements of its customers.

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11. AWARDS AND ACCREDITATIONS

Since the Target's establishment, it has received multiple awards and accreditations from various industry authorities in the following areas:

Date	Awarded By	Award	Awarded to	Significance
2014	APF Group	SME One Asia Awards Singapore (Notable Award (Top 3))	Mobile Credit Payment Pte. Ltd.	Outstanding business achievement
2015	Singapore Prestigious Brand Awards	Established Brand	Mobile Credit Payment Pte. Ltd.	Recognition of the "Mobile Credit Payment" brand
2016	Smart Awards Asia	Best B2B Payment Initiatives	Mobile Credit Payment Pte. Ltd.	Recognition of the "Xaavan" data processing solution as a B2B payments initiative
2018	CIO Advisors	Top 10 APAC Blockchain Companies – 2018	Mobile Credit Payment Pte. Ltd.	Recognition of being at the forefront of bringing elementary change in the blockchain landscape

12. PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, the Target Group does not own any properties, and leases the following properties:

Location	Lessor / Lessee	Approximate area (sq ft)	Tenure	Usage
10 Ubi Crescent #05-05 Ubi Techpark Singapore 408564	T&J (S) Pte. Ltd. Ffastpay Pte. Ltd.	1,300	15 June 2020 – 15 June 2021	Office
D1-3A-5, Solaris Dutamas, No.1 Jalan Dutamas 1, 50480 Kuala Lumpur	Tan Hock Ann MCP Malaysia	1,000	1 April 2020 – 31 March 2022	Office
No. 92/5, Sathorn Thani Building, 2nd Floor, North Sathorn Road, Silom Sub-district, Bangrak District, Bangkok, Thailand	Heritage Estate Co., Ltd. MCP Thailand	Not applicable as this is a shared office space	1 July 2020 – 30 June 2021	Office

None of the above-mentioned lessors may unilaterally terminate the respective leases. As at the Latest Practicable Date, the Proposed Board of Directors is not aware of any existing breach of any obligations under the abovementioned lease agreements that would result in their termination by the lessor or non-renewal, if required, when they expire.


Other fixed assets of the Target Group include computer software and equipment, office equipment, furniture and fittings and renovation, payment terminals and motor vehicles. Please refer to the paragraph headed "Management's Discussion and Analysis of Results of Operations and Financial Position" in this Appendix A for further details.

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To the best knowledge and belief of the Proposed Board of Directors, there are no regulatory requirements or environmental issues that may materially affect the Target Group’s utilisation of tangible fixed assets.

13. INTELLECTUAL PROPERTY

The Target Group has registered / applied for the following trademarks which it believes are material to its business:

Trademark	Registered Owner	Class (for Trademark)	Registration / Application Number	Country	Expiry Date
	Mobile Credit Payment Pte. Ltd.	36 ⁽¹⁾	T1111669G	Singapore	25 August 2021
	Mobile Credit Payment Pte. Ltd.	36 ⁽¹⁾	T1401953F	Singapore	12 February 2024
	Mobile Credit Payment Pte. Ltd.	9 ⁽²⁾ , 42 ⁽³⁾	40202019127R	Singapore	N/A (Pending (Published))

Notes:

- (1) Electronic payment services; financial payment services; payment administration services; payment transaction card services; retirement payment services.
- (2) Software; Application software; Software and applications for mobile devices.
- (3) Software as a service (SaaS).

The Proposed Board of Directors is not aware of any reason which would cause or lead to the de-registration of the foregoing intellectual property. To the best of the Proposed Board of Directors’ knowledge and belief, there is no third party that is currently using any intellectual property that is similar to the foregoing.

As at the Latest Practicable Date, the Target Group also owns the internet domain names “https://mcpayment.com”, “www.herohippo.com” and “www.ffastpay.com”. The Target Group has not encountered any issues with the renewal of its domain names in the past. Barring any unforeseen circumstances, it does not foresee any issues with the future renewal of domain names and trademarks which are material to its business and operations.

Save as disclosed above, the Target Group does not use or own any other registered patents, trademarks or intellectual property which are material to its business. The Target Group’s business and profitability are also not materially dependent on any other patent or trademark or any other intellectual property rights.

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14. GOVERNMENT REGULATIONS, PERMITS AND LICENCES

14.1 Permits and Licences

As at the Latest Practicable Date, the Target Group has the following licences, permits and approvals which are material to its business operations:

Type of Licence, Permit or Approval	Purpose	Licence Holder	Issuing/ Licensing Body	Date Obtained	Validity Period
Registered Business under BNM - Merchant Acquiring Services Licence	Acknowledgement of the sufficiency of MCP Malaysia's application to provide Merchant Acquiring Services; and that MCP Malaysia is registered for the same	MCP Malaysia	Bank Negara Malaysia ("BNM")	7 September 2018	No validity period
Business Premise Licence	Licence in relation to the occupation and usage of D1-3A-5, Solaris Dutamas, No.1 Jalan Dutamas 1, 50480 Kuala Lumpur as the office of MCP Malaysia.	MCP Malaysia	Kuala Lumpur City Hall	5 April 2019	5 April 2021
License issued for service provision that operates under any categories of "Supervised Payment Service"	To operate the designated payment service business in the category of "Payment Service by Electronic Means - Service support for card holders"	MCP Thailand	Ministry of Finance of Thailand	4 December 2018	No validity period
Major Payment Institution Licence	To conduct domestic money transfer services, cross-border money transfer services and merchant acquisition services ⁽¹⁾	Target	MAS	1 December 2020	No validity period

Note:

- (1) The MPI Licence conditions are (a) the licensee must notify the MAS of any significant change to its business model; and (b) the licensee must notify the MAS of any change in phone number, email address or any other contact details within 7 days of such change. The licensee is also required to notify the MAS of any change in address of the licensee's permanent place of business or registered office in Singapore, and every other place of business of the licensee within 7 days after the date of that change, as required under section 14(4) of the PS Act. As at the Latest Practicable Date, the conditions of the MPI Licence have been complied with by the Target.

Save as disclosed above, the relevant material business licences, certificates and approvals necessary for the Target Group's business operations generally do not need to be renewed.

The Proposed Board of Directors confirms after having made all reasonable enquiries, that as at the Latest Practicable Date, the Target Group has obtained all relevant business licences, certificates and approvals necessary for its business operations, and it has complied with all relevant laws and regulations, that would materially affect its business operations. The Target Group does not require any other material licences, registrations, permits or approvals in respect of its business operations apart from those pertaining to general business registration requirements. As at the Latest Practicable Date, none of the aforesaid licences, permits and approvals have been suspended, revoked or cancelled and to the best of the Proposed Board of Directors' knowledge and belief, it is not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of any of these licences, permits and approvals to be rejected by the relevant authorities.

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14.2 Summary of Relevant Laws and Regulations

The Target Group's business operations are subject to the laws and regulations which are of general application in the jurisdictions in which the Target Group Companies carry on business and operations. The laws and regulations set out below are not exhaustive and are only intended to provide some general information to the Shareholders and are neither designed nor intended to be a substitute for professional advice. Shareholders should consult their own advisers regarding the implication of such laws and regulations on the Enlarged Group.

Singapore

Payment Services Act 2019

The Payment Services Act 2019 (“**PS Act**”) was passed in the Singapore Parliament on 14 January 2019 and came into force generally on 28 January 2020. The PS Act is intended to overhaul the regulatory regime for payment services under Singapore law. Accordingly, the Payment Systems (Oversight) Act (Cap. 222A) and the Money-changing and Remittance Businesses Act (Cap. 187) were repealed when the PS Act came into effect. Under Section 5(1) of the PS Act, a person must not carry on a business of providing any type of payment service in Singapore unless licensed or exempted. Under Part 1 of the First Schedule of the PS Act, “payment service” includes a merchant acquisition service. Based on the Target Group's principal business activities, the Target Group may be considered to be providing such merchant acquisition services which would require the relevant Target Group entities to apply for a standard payment institution licence or major payment institution licence (as the case may be) in accordance with Section 6 of the PS Act. To provide sufficient lead time to comply with the PS Act, the MAS has provided for a 12-month grace period (the “**Grace Period**”) pursuant to Regulation 4(1) of the Payment Services (Exemption for Specified Period) Regulations 2019 in respect of the provision of merchant acquisition services until the relevant licence is granted or the licence application is refused or withdrawn, subject to the specified notification requirements thereunder.

Under the PS Act, the key requirements to be met for the granting of a MPI Licence are as follows:

- (i) the applicant must be a Singapore-incorporated company or a foreign corporation registered in Singapore;
- (ii) the applicant must have a permanent place of business or registered office in Singapore where the applicant's books and records can be securely held and where at least one person is present to address any queries or complaints from customers;
- (iii) unless otherwise prescribed, the applicant's board of directors must have either (A) at least 1 executive director who is a Singapore citizen or Singapore permanent resident or (B) at least 1 executive director who is a Singapore Employment Pass Holder and at least 1 other director who is a Singapore citizen or Singapore permanent resident. The applicant must also be registered with ACRA;
- (iv) the applicant must have a minimum base capital of S\$250,000 (if the applicant is incorporated in Singapore) or a minimum net head office funds of S\$250,000 (if the applicant is a foreign company). The applicant must also ensure that it maintains sufficient capital buffer in excess of the base capital requirement, bearing in mind the scale and scope of its operations and the potential for profit and losses;
- (v) the applicant satisfies the financial requirements as may be prescribed by the MAS. This includes providing the required security in the form of a cash deposit of up to S\$200,000 with the MAS or a bank guarantee in a prescribed format, upon approval of the licence;

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- (vi) the MAS is satisfied that the applicant and all its directors and CEO, shareholders and employees are fit and proper persons under the Guidelines on Fit and Proper Criteria (Guideline No. FSG-G01) last revised by the MAS on 28 January 2020 (“**Fit and Proper Guidelines**”). The applicant and its group should not have any adverse reputation, particularly with regard to financial crime;
- (vii) the MAS is satisfied as to the financial condition of the applicant;
- (viii) the MAS is satisfied that the public interest will be served by the granting of the licence;
- (ix) the applicant must satisfy such operational requirements as the MAS may specify;
- (x) the application is accompanied by such information as the MAS may require and a non-refundable application fee of a minimum of S\$1,500 (based on the payment services applied for);
- (xi) the executive directors and CEO of the applicant must have sufficient experience in operating a business in the payment service industry or related areas in the financial services industry. Educational qualifications and professional certification of key individuals should be considered in this regard;
- (xii) the applicant must have in place plans for compliance arrangements that are commensurate with the nature, scale and complexity of its business;
- (xiii) where the applicant intends to provide online financial services, it must perform a penetration test of its proposed online financial services, remediate all high risk findings identified, and conduct independent validation on the effectiveness of the remediation actions;
- (xiv) the applicant must have plans in place for adequate independent audit arrangements to regularly assess the adequacy and effectiveness of its procedures, controls, and its compliance with regulatory requirements, which should be commensurate with the scale, nature and complexity of its operations;
- (xv) the applicant must have in place plans to meet the annual audit requirements set out under the PS Act; and
- (xvi) where appropriate, the MAS may require applicants to procure a Letter of Responsibility and/or Letter of Undertaking from the applicant’s majority shareholders, parent company and/or related company.

In considering an application, the MAS may take into consideration factors such as (1) the track record and financial condition of the applicant, its holding company or related corporations (where applicable); (2) operational readiness of the applicant, including ability to comply with regulatory requirements; (3) whether the applicant, its holding company or related corporations are subject to proper supervision by a competent regulatory authority; (4) commitment of the applicant’s holding company to operations in Singapore; and (5) whether the public interest will be served by granting the licence.

It is noted that the MAS has stated that it will consider each application on its own merits and may take into account other factors on a case-by-case basis, the criteria set out in its guidelines are not meant to be exhaustive and the MAS may impose additional conditions or requirements to address the unique risks posed by applicants.

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Under Section 5(3) of the PS Act, a corporation which carries on the business of providing any type of payment service in Singapore without holding the relevant payment institution licence or having obtained the relevant exemption shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 and, in the case of a continuing offence, to a further fine not exceeding S\$25,000 for every day or part of a day during which the offence continues after conviction. Further under Section 90(2) of the PS Act, certain responsible officers or individuals of the corporation could also be found guilty of the same offence as such corporation, and shall be liable on conviction to be punished in accordance with the provisions of the PS Act.

Personal Data Protection

Personal data in Singapore is protected under the Personal Data Protection Act 2012 of Singapore (“**PDPA**”). The PDPA governs the collection, use, disclosure and care of personal data by organisations in a manner that recognises both the right of individuals to protect their personal data and the need of organisations to collect, use or disclose the same for purposes that a reasonable person would consider appropriate in the circumstances. Under the PDPA, personal data is defined as data, whether true or not, about an individual (whether living or deceased) who can be identified (a) from that data; or (b) from that data and other information to which the organisation has or is likely to have access.

Generally, the PDPA imposes the following obligations on organisations collecting, using or disclosing personal data of individuals (“**relevant persons**”): obligations of obtaining consent, giving notification and access and correction rights to the relevant persons, purpose limitation in respect of use of, and retention limitation and transfer limitation in respect of personal data collected, ensuring accuracy and protection of data collected and openness in making information available on its privacy policies and procedures relating to protection of personal data.

Malaysia

Financial Services Act 2013

The Financial Services Act 2013 (“**FSA**”) is a legislation to provide for the regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

The FSA repeals the Payment Systems Act 2003 and the FSA contain provisions that enable BNM to effectively perform its role which includes empowering BNM to specify standards, as well as, to issue directions, for the purpose of ensuring the safety, integrity, efficiency and reliability of the payment systems and payment instruments.

Section 17 of the FSA provides that no person shall carry on registered business unless it has fulfilled such requirements and submitted such documents or information as may be prescribed by BNM; and notified BNM in writing of the date of commencement of its business.

A “registered business” has been listed in Part 2 of Schedule 1 of the FSA and it includes business of merchant acquiring services. As such, a person who intends to provide merchant acquiring services to be registered with BNM. Merchant acquiring services is defined as the business of an operator of a payment system (i.e. any system or arrangement for the transfer, clearing or settlement of funds or securities) that enters into a contract with a merchant for the purpose of accepting payment instruments for payment of goods or services. Where applicable, merchant acquirer will be subject to the provisions of the FSA and any regulatory requirements of BNM.

MCP Malaysia is registered with BNM as a merchant acquirer.

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Local Government Act 1976

The Local Government Act 1976 (“**LGA**”) empowers every local authority to grant licences or permits for any trade, occupation or premises subject to such conditions and restrictions as the local authority may prescribe. Under the LGA, the local authorities are also empowered to enact by-laws.

Pursuant to the LGA, the Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws 2016 (the “**By-Laws**”) was enacted to govern the licensing of business activities in Kuala Lumpur. Under the By-Laws, any person may use any premise for operating any business activity when a planning approval, if necessary, for that purpose has been obtained under the relevant planning law and a business premise license has been issued under the By-Laws.

Thailand

License for operating payment facilitating service

E-payment business in Thailand is principally governed by the Payment System Act of Thailand B.E.2560 (A.D. 2017) (“**PSA Thailand**”), the notifications of the Ministry of Finance, and the series of notifications of Bank of Thailand (“**BOT**”). In regard to the PSA Thailand, the statute was published in the Government Gazette in October 2017 and has come into effect on 16 April 2018 for the purpose of designation and supervision of operators/service providers of businesses concerning the payment system including but not limited to formulation regulatory requirements in relation to the payment system businesses. Prior to commencing a designated payment system business or a designated payment system business in Thailand, the business operator/service providers shall obtain a license from the Minister of Finance with the advice of the Bank of Thailand or being registered with the BOT (as the case may be) in accordance with sections 12 or 16 of the PSA Thailand.

In relation to the PSA Thailand, Clause 2 of the notification of the Ministry of Finance regarding stipulation on designated payment services states that payment facilitating service shall be recognized as one of designated payment services, which are subject to the licensing requirement. Considering the business activities of the Thai operating subsidiary in Thailand of the Target Group, the operating subsidiary provides services of receiving payment via electronic card by sending or receiving an electronic card payment transaction to a merchant acquirer. The operating subsidiary will consequently make the payment for goods or services to a business acquirer who has a mutual service agreement regarding electronic card payment as agreed upon conditions. As a result, the operating subsidiary is considered as a payment facilitating service provider under Thai law. The license for operating payment facilitating service was granted to the Thai operating subsidiary of the Target Group on 4 December 2018.

Anti-Money Laundering

It is provided under the law of anti-money laundering in Thailand that the designed payment service operator stated in the payment system law of Thailand is recognised as a financial institution. By that, the designed payment services operator shall be responsible to report specified transactions to the Office of Anti-Money Laundering. The specified transactions are: (i) transactions involving cash in the amount exceeding the amount set forth in relevant ministerial regulations; (ii) transactions involving any assets of which its value exceeds the amount set forth in relevant ministerial regulations; and (iii) any other suspicious transactions. In addition to filing a report of specified transactions, the designated payment services operator is obliged to require its customers to identify themselves every time prior to conducting any transactions as prescribed in relevant ministerial regulations. This is pursuant to section 20 of the Anti-Money Laundering Act B.E. 2542. Facts relating to transactions must be recorded by the designed payment services operator even though the relationship between a designed payment service operator and its customers has ended for a certain period.

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Personal Data Protection Act

Personal Data Protection Act of Thailand was published in the Government Gazette on 27 May 2019 (“**Thailand PDPA**”). However, due to the incompleteness of the subordinate legislation and unreadiness of public and private organizations, several material provisions in the Thailand PDPA are halted to be in force by the Royal Decree on Entities and Businesses Not Subject to Enforcement of the Thailand PDPA B.E. 2563 (“**the Royal Decree**”), which was published in the Government Gazette on 21 May 2020. Pursuant to the Royal Decree, the enforcement of those provisions has been postponed until 31 May 2021. In any case, once the Thailand PDPA has been duly enforced, private organizations shall not collect, use, or disclose personal data, unless the data subject has given consent prior to or at the time of such collection, use, or disclosure, except the case where it is permitted to do so by the provisions of the Act or any other laws.

15. INSURANCE

As at the Latest Practicable Date, the Target Group maintains insurance for its employees, including workmen injury compensation, and property all risks insurance to cover loss or damage to its leased properties. The Target Group does not maintain any business interruption insurance or product liability insurance, key man insurance or insurance policies covering damage to its network infrastructure and platforms, which are not mandatory under the relevant laws.

During the Period Under Review and up to the Latest Practicable Date, the Target Group did not make any material insurance claims in relation to its business operations. To the best of the Proposed Board of Directors’ knowledge and belief, the above insurance policies are adequate for the operations of the Target Group and are in line with market practice.

16. EMPLOYEES AND STAFF TRAINING

16.1 Employees

As at the Latest Practicable Date, the Target Group has 29 full time employees. All its employees are located in Singapore, Malaysia and Thailand.

The Target Group does not employ a significant number of temporary staff and does not experience any significant seasonal fluctuation in the number of employees. All employees in the Target Group are not unionised. The Target Group believes that the relationship between management and the employees has been good and this mutual cooperation is expected to continue. There has not been any incidence of work stoppages or labour disputes. Except for contributions to CPF in Singapore, Employee Provident Fund (EPF) in Malaysia and Social Security Fund and Provident Fund in Thailand, the Target Group has not set aside or accrued any amounts for its employees to provide for pension, retirement or similar benefits.

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A breakdown of the number of the Target Group's full-time employees by business functions for the Period Under Review and as at the Latest Practicable Date is as follows:

Job Functions	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 30 June 2020	As at the Latest Practicable Date
Management	4	4	4	3	3
Business development, sales and marketing	6	7	6	6	6
Finance and Human Resources ⁽¹⁾	8	9	10	8	8
Information technology & Operations	21	16	10	8	10
Risk & Compliance	1	1	2	2	2
Total	40	37	32	27	29

Note:

- (1) The number of finance staff in the Target Group decreased by two (2) from 31 December 2019 to the Latest Practicable Date due to the resignation of two (2) staff who returned to their home town/ country due to personal reasons. This is not expected to have a material adverse impact on the Target Group as the Target Group has been working on automating its settlement functions. Such automation are essentially enhancements to the current merchant settlement process in order to facilitate greater efficiency of the finance team. Enhancements for most of the payment methods are expected to be fully implemented prior to Completion.

The geographical breakdown of the Target Group's full-time employees for the Period Under Review and as at the Latest Practicable Date is as follows:

Country	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 30 June 2020	As at the Latest Practicable Date
Singapore	28	25	22	20	21
Malaysia	6	6	5	3	3
Thailand	6	6	5	4	5
Total	40	37	32	27	29

16.2 Staff Training and Development

The Target Group conducts training for its employees. New employees undergo in-house orientation to familiarise themselves with the Target Group's business, policies and procedures, and on-the-job training is provided to equip them with the necessary working knowledge and practical skills to perform their tasks.

The Target Group selectively sends employees to industry conferences and seminars in Singapore and abroad. Attendance at such events enables staff to gain industry-specific know-how and insight, and to form new business relationships from meeting and interacting with others in the financial technology, merchant payment services and digital commerce enabling solutions industries.

During the Period Under Review, the Target Group's staff training costs were not material.

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17. COMPETITION AND COMPETITIVE STRENGTHS

17.1 Competition

The Target Group participates in a competitive environment that is constantly and rapidly evolving. In particular, the average fee for technology service providers and providers of merchant payment services has generally become more competitive with the entry of more market participants. While its major competitors are other FinTech companies and merchant payment service providers, the Target Group also faces competition from international and domestic technology consulting firms, captive divisions of large multi-national technology firms, financial services firms, technology firms, software companies and in-house technology departments of large corporations. The Target Group competes with them based on, amongst other things, brand image, variety of platforms, products and services, quality of the same, and price.

While there are no directly comparable competitors to the Target Group, the Target Group has nevertheless identified the following companies that are engaged in the provision of services which overlap with certain segments of the Target Group's business:

Competitor	Products / Service Segments Offered
Square, Inc.	Card and Online Payment Processing
Adyen N.V.	Card, QR Code and Online Payment Processing
GHL Systems Berhad	Card, E-wallet and Online Payment Processing
First Data Merchant Services, LLC	Card, QR Code, E-wallet and Online Payment Processing
Global Payments Inc.	Card and Online Payment Processing
iPay88 (M) Sdn Bhd	QR Code Payment Processing and Online Payment Processing
Stripe, Inc.	Card and Online Payment Processing

In light of the fact that the foregoing competitors provide services that are not entirely overlapping with those provided by the Target Group, the Target Group may from time to time collaborate with such competitors when suitable opportunities arise.

None of the Proposed Directors, Proposed Executive Officer or any of their respective Associates has any interest, direct or indirect, in any of the competitors listed above.

17.2 Competitive Strengths

The Proposed Board of Directors has identified the following key competitive strengths of the Target Group:

Well established FinTech enabling services provided through an integrated platform with omni-channel capabilities

Since its early involvement in Singapore's mobile payments industry in 2005, the Target Group has continued to enhance and develop a fully integrated, end-to-end platform offering comprehensive solutions in respect of its MPS and DCES business segments. The Target Group's product and service offerings seek to address the common key concerns of merchants with respect to managing payments and providing other value-added services to simplify the payments process, by enabling business integration across channels, locations and payment methods through one unified platform.

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The Target Group's platform provides a unique advantage for merchants identified by its:

- (i) accessibility: as the Target Group's platforms are compatible across a wide range of smart devices, with a relatively simple integration and onboarding process for merchants;
- (ii) omni-channel, unified commerce capabilities as the Target Group is capable of processing a combination of POS, internet, mobile and cross-border payments across multiple payment methods via a single, integrated digital operating platform that enjoys economies of scale and has the ability to provide merchants with a more seamless, convenient and safer method of processing payments, from online to offline; and
- (iii) ability to leverage platform for additional business enhancing value-added services as the Target Group provides various industry-specific customisable solutions and value-added services for its customers, through which it integrates its payment processing platform with other functions as required by the relevant customer, such as the customer loyalty programs, coupon redemption and payment-by-installment plans. With the adaptability of the Target's SaaS offerings, it can serve a wider range of merchants through the scalability of its solutions. The provision of a comprehensive management system for a merchant's entire operations extending beyond payment processing solutions is one such example. This allows merchants who engage the Target Group for its payment processing services to gain access to a specially-tailored solution that in turn allows them to provide their end customers with quality service and optimal consumer experience.

One of the few payment processing platforms with developed infrastructure and requisite licences across Southeast Asia

The Target Group's presence (including its associated company) across Singapore, Indonesia, Malaysia and Thailand provides it with the ability to support multiple localised payment methods while enabling cross border payments through one unified platform. The Target Group believes that it is one of the few licensed payment providers with a regional presence, and this provides the Target Group a competitive advantage as it is able to service and onboard merchants with regional operations (whether online or offline) to its platform. Otherwise these merchants would need to engage different payment service providers in the various countries in which they operate. Through the Target Group's unified and integrated platform, merchants with regional operations would benefit from simplified payments processes by having one service provider across different locations, channels and payment methods.

A robust and scalable payment infrastructure which enables the offering of value-added services to customers

The Target Group believes that its integrated platform accords it with a competitive advantage in providing a more seamless, customised service to its customers, particularly those with a multi-channel and/or regional presence. The Target Group is able to provide integrated value-added services tailored to specific industries. In addition, the Target Group's unified and integrated platform augments its ability to implement faster innovations across new channels, geographies and payment methods for customers.

Further the Target Group may license its proprietary platforms and software by way of SaaS to its customers, pursuant to which customers may directly use or rebrand these platforms and software. The Target Group is also able to use its platforms and software as a base for the development of bespoke software. Most notably, the Target Group has developed the rewards application used by certain well-known department and retail stores in Singapore.

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The Target Group is well established within the FinTech industry with a broad client reach through its various sales channels

Since the Target's incorporation in June 2005, the Target has established relationships with (1) several widely recognised international Payment Providers, (2) physical and online merchants comprising large domestic and multi-national corporations across various industries, and (3) government statutory boards which have provided funding and support to the Target Group's development and expansion of business operations over the years. The foregoing relationships have contributed to the Target Group's continued development and growth in operations. By leveraging on its reputation and relationships with the aforesaid parties, the Target Group has been able to develop a wide customer base and client portfolio and has positioned itself for further business expansion and growth in the foreseeable future.

The Founders believe that the Target Group has become one of the major players in the MPS market in Singapore.

Experienced management team with extensive industry experience and proven business planning and execution capabilities

The Founders have extensive knowledge and experience in the internet and FinTech industries, in particular in relation to digital payment processing.

The Founders, Mr. Anthony Koh and Mr. Kim each have over 16 years of experience in the internet or FinTech industries and have both overseen the growth of the Target Group in Singapore and regionally since its inception in 2005.

The Target Group believes that the extensive experience and strength of its management team has given and will continue to give it a competitive advantage in pursuing business opportunities in Singapore and elsewhere in the Southeast Asian region, including Malaysia, Indonesia and Thailand, and will allow it to further pursue its business strategies for expansion and growth, in order to increase value for shareholders.

18. SELECTED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Circular, including the "Independent Auditors' Report on the Audit of the Consolidated Financial Statements for the Years Ended 31 December 2017, 31 December 2018, and 31 December 2019", "Independent Auditors' Report on the Review of Condensed Consolidated Interim Financial Statements of the Target Group for the Six Months Period Ended 30 June 2020" and "Reporting Accountants' Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information of the Target Group for the Year Ended 31 December 2019 and Six Months Period Ended 30 June 2020" as set out in Appendices B, C, and D respectively of this Circular and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Circular.

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18.1 Consolidated Statement of Profit or Loss and other Comprehensive Income of the Target Group

	Audited			Unaudited		Unaudited Pro Forma	
	FY2017 (S\$'000)	FY2018 (S\$'000)	FY2019 (S\$'000)	1H2019 (S\$'000)	1H2020 (S\$'000)	FY2019 (S\$'000)	1H2020 (S\$'000)
Revenue	2,998	2,548	8,656	2,650	6,012	8,656	6,012
Cost of sales	(2,029)	(1,266)	(4,717)	(1,409)	(3,489)	(4,717)	(3,489)
Gross profit	969	1,282	3,939	1,241	2,523	3,939	2,523
Other income	1,833	101	2,105	1,189	119	2,147	119
Finance income	–	0	254	32	75	254	75
Administrative expenses	(3,840)	(3,862)	(2,633)	(1,229)	(1,319)	(2,633)	(1,319)
Impairment loss on trade and other receivables	(954)	(639)	(494)	(496)	9	(494)	9
Other operating expenses	(890)	(943)	(3,894)	(1,587)	(342)	(3,941)	(342)
Share of loss of joint venture and associate (net of tax)	(191)	(207)	(1)	(0)	–	(1)	–
Finance costs	(1,067)	(4,084)	(820)	(473)	(401)	(525)	(191)
Profit/(Loss) before tax	(4,140)	(8,352)	(1,544)	(1,323)	664	(1,254)	874
Income tax credit/(expense)	3	(0)	(21)	–	–	(21)	–
Profit/(Loss) for the year/period	(4,137)	(8,352)	(1,565)	(1,323)	664	(1,275)	874
Profit/(Loss) attributable to:							
Equity holders of the Company	(4,105)	(8,340)	(1,556)	(1,319)	674	(1,173)	941
Non-controlling interests	(32)	(12)	(9)	(4)	(10)	(102)	(67)
Profit/(Loss) for the year/period	(4,137)	(8,352)	(1,565)	(1,323)	664	(1,275)	874
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit of loss:</i>							
Foreign currency translation differences relating to financial statements of foreign subsidiaries and joint venture	85	(16)	73	57	34	(68)	34
Total comprehensive loss for the year	(4,052)	(8,368)	(1,492)	(1,266)	698	(1,343)	908
Total comprehensive loss attributable to:							
Equity holders of the Company	(4,047)	(8,414)	(1,582)	(1,324)	708	(1,250)	978
Non-controlling interests	(5)	46	90	58	(10)	(93)	(70)
Total comprehensive loss for the year	(4,052)	(8,368)	(1,492)	(1,266)	698	(1,343)	908

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18.2 Consolidated Statements of Financial Position of the Target Group

	Audited			Unaudited	Unaudited Pro Forma	
	As at 31 Dec 2017 (S\$'000)	As at 31 Dec 2018 (S\$'000)	As at 31 Dec 2019 (S\$'000)	As at 30 Jun 2020 (S\$'000)	As at 31 Dec 2019 (S\$'000)	As at 30 Jun 2020 (S\$'000)
ASSETS						
Plant and equipment	503	365	167	126	167	126
Intangible assets and goodwill	2,614	2,033	1,448	1,188	1,448	1,188
Investment in joint venture	–	–	–	–	–	–
Investment in associate	–	20	19	–	19	–
Trade and other receivables	179	267	15	14	15	14
Non-current assets	3,296	2,685	1,649	1,328	1,649	1,328
Cash and cash equivalents	8,409	1,420	11,447	12,141	11,900	12,587
Trade and other receivables	587	2,707	11,615	9,379	11,615	9,379
Current assets	8,996	4,127	23,062	21,520	23,515	21,966
Total assets	12,292	6,812	24,711	22,848	25,164	23,294
Equity						
Share Capital	11,359	16,364	18,404	18,404	21,907	22,002
Capital reserve	1,802	2,413	2,896	2,897	2,896	2,896
Currency translation reserve	34	(40)	(66)	(32)	(66)	(32)
Accumulated losses	(13,728)	(22,068)	(23,625)	(22,951)	(23,615)	(22,774)
Equity attributable to equity holders of the Company	(533)	(3,331)	(2,391)	(1,682)	1,122	2,092
Non-controlling interests	(1,416)	(1,371)	(41)	(51)	22	(47)
Total equity	(1,949)	(4,702)	(2,432)	(1,733)	1,144	2,045
Liabilities						
Trade and other payables	–	27	333	–	223	–
Loans and borrowings	38	510	5	2	5	2
Convertible bonds	–	1,211	3,940	–	1,306	–
Non-current liabilities	38	1,748	4,278	2	1,534	2
Trade and other payables	2,794	4,477	22,258	20,246	22,065	19,848
Loans and borrowings	38	228	421	36	421	36
Convertible bonds	11,371	5,061	186	4,297	–	1,363
Current liabilities	14,203	9,766	22,865	24,579	22,486	21,247
Total liabilities	14,241	11,514	27,143	24,581	24,020	21,249
Total equity and liabilities	12,292	6,812	24,711	22,848	25,264	23,294

18.3 Basis of preparation for the unaudited pro forma consolidated financial information

The summary unaudited pro forma consolidated financial information for FY2019 and 1H2020 has been prepared, for illustrative purposes only and based on certain assumptions and after making certain adjustments for the transaction as below (the “**Significant Events**”) to show what (i) the unaudited pro forma consolidated statements of financial position of the Target Group as at 31 December 2019 and 30 June 2020 would have been if the Significant Events had occurred as at 31 December 2019 and 30 June 2020; and (ii) the unaudited pro forma consolidated statements of financial performance of the Target Group and unaudited pro forma consolidated statements of cash flows of the Target Group for the year ended 31 December 2019 and the six months period

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ended 30 June 2020 would have been if the Significant Events had occurred on 1 January 2019. Due to the nature of the unaudited pro forma consolidated financial information, such unaudited pro forma consolidated financial information does not represent the Target Group's actual financial position, financial performance, or cash flows.

The Significant Events are:

1. Disposal of MC Payment (HK) Limited

On 8 January 2019, the Target Group disposed all its shares in MC Payment (HK) Limited, a wholly owned subsidiary, for cash consideration of \$482,300. Due to the uncertainty of collection of the sales consideration and the sales consideration has not been received by the Target Group, the Target Group recognised a corresponding impairment allowance of \$482,300 on the receivables. As the subsidiary was disposed in early part of 2019 and no financial result was consolidated by the Target Group, no pro forma adjustments was required to be made to the consolidated financial statements.

2. Disposal of MC Payment Pty Ltd

On 1 October 2019, the Target Group disposed all its shares in MC Payment Pty Ltd, a subsidiary, for a cash consideration of \$1 and recognised a gain on disposal of \$530,768. Due to the uncertainty of collection of the amount and the cash consideration of S\$1 has not been received by the Target Group, the Target Group has recognised an allowance of impairment of \$1 on the receivables.

3. Disposal of 26% interest in PT MCP Indo Utama

On 14 August 2019, the Target Group disposed of 364,000 shares in PT MCP Indo Utama, a joint venture, for a cash consideration of \$353,080. This divestment resulted in a decrease of interest in PT MCP Indo Utama, from 50% to 24%. Subsequent to the divestment, the Target Group classified its investment in PT MCP Indo Utama from a joint venture to an associate. PT MCP Indo Utama also repaid the shareholder loan amounting to \$253,403 to the Target Group. Due to the accumulated losses from PT MCP Indo Utama exceeding the costs of investments by the Target Group in prior years, no additional losses were recognised in FY2019 as the Target Group does not have further obligation to PT MCP Indo Utama in addition to what the Target Group has invested. No pro forma adjustment was required to be made to the consolidated financial statements.

4. Thai restructuring exercise of MCP Thailand

Prior to the Thai Restructuring Exercise, MCGV and FPL were collectively deemed interested in 100.0% of the shares in the issued share capital of MCP Thailand as the non-controlling shareholder had previously pledged his entire shareholding interests in MCP Thailand, including all the benefits attached thereto, to MCGV in consideration of a loan extended to him by the MCGV. Subsequent to the Thai Restructuring Exercise:

- (i) MCPHT: The non-controlling shareholder holds 51.0% of the issued share capital of MCPHT (comprising 11,220 preference shares) while MCGV and FPL collectively hold the remaining 49.0% (comprising 10,780 ordinary shares); and
- (ii) MCP Thailand: MCPHT holds an aggregate of 51.0% of the issued share capital of MCP Thailand (comprising 86,725 ordinary shares and 25,500 preference shares) while MCGV and FPL collectively hold the remaining 49.0% (comprising 107,775 ordinary shares).

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As part of the restructuring exercise, the Target Group had agreed to reduce the loan repayment amount from THB11,222,500 to THB10,100,500 and the non-controlling shareholder redeemed his shares pledged to the Target Group by paying down the loan extended to him by the Target Group and disposed of his shares to a new shareholder, MCPHT. Following the restructuring exercise, the Target Group has an effective 73.98% interest in MCP Thailand. The Thai Restructuring Exercise was completed in October 2020.

5. Conversion of convertible bonds by bondholders amounting to \$3.2 million and associated interest payables

Prior to the completion of the Proposed Acquisition, the bondholders of series D bonds converted \$3.2 million of the convertible bonds that were in issuance and the associated interest payables into new shares of the Company.

19. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of the results of operations and financial position has been prepared by the management of the Target Group and should be read in conjunction with the "Independent Auditors' Report and the audited consolidated financial statements for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 of Mobile Credit Payment and its subsidiaries", "Independent Auditors' Review Report and the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2020 of Mobile Credit Payment and its subsidiaries" and "Independent Auditors' Report and the unaudited pro forma consolidated financial statements for the financial year ended 31 December 2019 and six-month period ended 30 June 2020 of Mobile Credit Payment and its subsidiaries" as set out in Appendices B, C, and D respectively of this Circular.

This discussion contains forward-looking statements that involve risks and uncertainties. The actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in the "Risk Factors" section of this Circular. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Target Group, the Sponsor and Financial Adviser or any other person. Shareholders and prospective investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the "Cautionary Note Regarding Forward-Looking Statements" section of this Circular.

Except as otherwise indicated, the following discussion is based on the Target Group's audited consolidated financial statements and condensed consolidated interim financial statements.

The unaudited pro forma consolidated financial information set out in Appendix D of the Circular has been prepared for illustration purposes only. The unaudited pro forma consolidated financial information because of their nature, may not give a true picture of the Target Group's actual financial results or position.

19.1 Overview

The Target Group is principally engaged in the provision of payment processing services and digital commerce enabling services, with focus on the retail, transportation, and food and beverage industries. The Target Group operates two (2) distinct business segments:

- (i) MPS business segment – The Target Group provides payment processing services through its unified platform and smart software, which can be (a) installed onto or integrated any smart devices (including mobile phones, tablets, and smart POS terminals) for merchants with physical stores or (b) integrated into websites and applications of online merchants; and

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- (ii) DCES business segment – The Target Group provides its ancillary services, such as the sale/lease of Smart POS terminals, provision of proprietary and licensed software as a service, and white-labelling of its proprietary or licenced software, and development of bespoke software for its merchants.

Revenue

Revenue from MPS business segment amounted to S\$2.3 million, S\$1.5 million, S\$7.9 million, S\$2.4 million and S\$5.1 million, representing 75.8%, 56.9%, 90.9%, 88.8% and 84.5% of the Target Group's total revenue in FY2017, FY2018, FY2019, 1H2019 and 1H2020 respectively. Revenue from DCES business segment amounted to S\$0.7 million, S\$1.1 million, S\$0.8 million, S\$0.3 million and S\$0.9 million, accounting for 24.2%, 43.1%, 9.1%, 11.2% and 15.5% of the Target Group's total revenue in FY2017, FY2018, FY2019, 1H2019 and 1H2020 respectively.

Transaction revenue from its MPS business segment consists of revenue earned for authorisation, clearing, settlement, network access and other maintenance and support services that facilitate transaction and information processing among the Target Group's customers. As the customer only benefits when the related transaction is processed, the Target Group is only entitled to payment for services upon the successful processing of the transaction and revenue is recognised upon completion of the service, at a point in time. The Target Group's MPS business segment revenue also comprises (i) setup fees and subscription fees and (ii) referral fees. Setup fees consist of revenue earned upon completion of account creation and terminal installation. Subscription fees on services-based products include website hosting, domain name registration and subscriber identification module (SIM) card services. Referral fees consist of revenue earned when account is created and terminal has been set up or when sale transaction is processed by the referee. The Target Group is only entitled to payment for services upon successful set up or completion of sales transaction by the referee and revenue is recognised upon completion of the service, at a point in time.

Revenue from its DCES business segment consists of (i) software customisation and development services, (ii) implementation and integration of ready solution, and (iii) licensing fee. Revenue for software customisation and development services is recognised over time, based on the progress towards complete satisfaction of the performance obligation. Implementation and integration of ready solutions consist of payment and loyalty application, website development and payment integration for shopping cart module. Revenue is recognised at a point in time upon successful integration and implementation. Licensing fee revenue through the licensing of this technology platform to customers. The licensing arrangement is a right-to-use and licensing fee revenue would be recognised at a point in time upon completion of the arrangement.

Revenue breakdown by business segment for the Periods Under Review is as follows:-

S\$'000 By Services	FY2017		FY2018		FY2019		1H2019		1H2020	
	\$	%	\$	%	\$	%	\$	%	\$	%
Merchant Payment Services	2,272	75.8	1,451	56.9	7,872	90.9	2,352	88.8	5,080	84.5
Digital Commerce Enabling Solutions	726	24.2	1,097	43.1	784	9.1	298	11.2	932	15.5
Total revenue	2,998	100	2,548	100	8,656	100	2,650	100	6,012	100

Prior to FY2018, the Target Group operated two (2) sub-segments under its MPS business segment, being (i) payment processing services business, and (ii) online shopping mall business. In FY2017, the Target Group ceased the operations of its online shopping mall business and streamlined its resources and efforts to grow its payment processing services business.

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In the same year, the Target Group also shifted its focus to acquiring merchants directly (as the contracting party) (“**Direct Model**”), instead of relying on a referral model which the Target Group refers potential merchants to its Payment Providers for on-boarding in return for a referral commission on the transactions made by the respective merchants (“**Indirect Model**”). Under the Direct Model, the Target Group has greater control over, amongst others, the type of merchants, speed of the merchant on-boarding process, and quotation of fees that is commercially attractive for the Target Group’s operations.

The major factors that affect the revenue of the Target Group include:-

- (a) the ability of the Target Group to retain existing customers and secure new customers, and compete successfully with existing and new industry players;
- (b) the ability of the Target Group to negotiate higher fees with its customers;
- (c) the ability of the Target Group to innovate and expand its existing range of services to remain competitive in the highly fragmented and competitive financial technology industry; and
- (d) the ability of the Target Group to obtain and maintain various licences and permits to operate its business in its current markets and the markets it intends to expand into.

Please refer to sections entitled “Risk Factors” of the Circular and “Prospects, Trends, and Future Plans” of this Appendix A for other factors which may affect the revenue of the Target Group.

Cost of Sales

Cost of sales for the Target Group’s MPS business segment mainly comprises fees charged by the Payment Providers, commission/referral fee paid to the Merchant Partners, cost of purchasing Smart POS terminals, and cost of sales for its DCES business segment mainly comprises fees charged by outsourced service providers. The cost of sales amounted to S\$2.0 million, S\$1.3 million, S\$4.7 million, S\$1.4 million and S\$3.5 million, representing 67.7%, 49.7%, 54.5%, 53.2% and 58.0% of the Target Group’s revenue in FY2017, FY2018, FY2019, 1H2019 and 1H2020 respectively.

The major factors that affect the cost of sales of the Target Group include its ability to negotiate lower fees charged by Payment Providers and outsourced service provider.

Please refer to Section 21 of the Circular and the paragraph headed “Prospects, Trends, and Future Plans” of this Appendix A for other factors which may affect the cost of sales the Target Group.

Gross Profit and Gross Profit Margin

The gross profit of the Target Group was S\$1.0 million, S\$1.3 million, S\$3.9 million, S\$1.2 million and S\$2.5 million for FY2017, FY2018, FY2019, 1H2019 and 1H2020 respectively, representing gross profit margin of 32.3%, 50.3%, 45.5%, 46.8% and 42.0% in the same period.

The gross profit margin by business segment is as follows:

%					
By Business Segment	FY2017	FY2018	FY2019	1H2019	1H2020
Merchant Payment Services	16.3	44.1	47.7	48.7	48.8
Digital Commerce Enabling Solutions	82.4	58.5	23.6	32.3	4.8
Target Group	32.3	50.3	45.5	46.8	42.0

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Other Income

Other income amounted to S\$1.8 million, S\$0.1 million, S\$2.1 million, S\$1.2 million and S\$0.1 million in FY2017, FY2018, FY2019, 1H2019 and 1H2020 respectively. A breakdown of the Target Group's other income is as follows:

S\$'000	FY2017	FY2018	FY2019	1H2019	1H2020
Government grant	41	78	13	5	107
Fair value gain on derivative financial instrument	1,760	–	–	–	–
Gain on disposal of subsidiaries	–	–	1,685	1,155	–
Gain on disposal of joint venture	–	–	353	–	–
Sundry income	32	23	54	29	12
Total	1,833	101	2,105	1,189	119

Government grant relates to monies received from various government-funded schemes such as wage credit scheme and special employment credit scheme.

Fair value gain on derivative financial instrument relates to a one-off gain on the embedded derivative financial liability in the Series C Convertible Bonds.

Gain on disposal of subsidiaries relates to gain arising from the disposal of MC Payment (HK) Limited and MC Payment Pty Ltd.

Gain on disposal of joint venture relates to gain arising from the disposal of the Target Group's 26.0% shareholding interest in PT MCP Indo Utama.

Finance Income

Finance income relates to interest income on bank deposits, interest income from amount due from joint venture and third party, and foreign exchange gain (net). Finance income amounted to nil, approximately S\$200, S\$0.3 million, approximately S\$32,000 and approximately S\$75,000 in FY2017, FY2018, FY2019, 1H2019 and 1H2020 respectively.

Administrative Expenses

Administrative expenses amounted to S\$3.8 million, S\$3.9 million, S\$2.6 million, S\$1.2 million and S\$1.3 million in FY2017, FY2018, FY2019, 1H2019 and 1H2020 respectively. The following table sets forth a breakdown of the Target Group's administrative expenses:

S\$'000	FY2017	FY2018	FY2019	1H2019	1H2020
Employee compensation	2,091	2,202	1,906	928	1,031
Professional services fee	1,090	454	215	49	28
Occupancy costs	282	289	54	37	14
Other administrative expenses	377	917	458	215	246
Total	3,840	3,862	2,633	1,229	1,319

Employee compensation relates to salaries paid to employees of the Target Group, employer's contribution to Central Provident Fund, and bonuses.

Professional services fee relates to secretarial services fees, legal fees, and fees paid to professional parties in respect of the Proposed Acquisition.

Occupancy costs comprise rental of office premises.

Other administrative expenses mainly comprise audit fees, research and development, cloud service, telecommunication expenses, and miscellaneous expenses.

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Reversal/ (allowance) of impairment losses on trade and other receivables

Impairment loss on trade and other receivables amounted to S\$1.0 million, S\$0.6 million, S\$0.5 million and S\$0.5 million in FY2017, FY2018, FY2019 and 1H2019 respectively. In 1H2020, the Target Group recorded a reversal of impairment losses on trade and other receivables of approximately S\$9,000 due to the collection of trade receivables that were impaired in previous financial years.

Other Operating Expenses

Other operating expenses amounted to S\$0.9 million, S\$0.9 million, S\$3.9 million, S\$1.6 million and S\$0.3 million in FY2017, FY2018, FY2019, 1H2019 and 1H2020 respectively. A breakdown of the Target Group's other operating expenses is as follows:

S\$'000	FY2017	FY2018	FY2019	1H2019	1H2020
Impairment loss on intangible assets	120	37	–	–	–
Impairment loss on goodwill	–	–	171	171	–
Loss on disposal of subsidiary	–	49	–	–	–
Amortisation of intangible assets	437	544	461	241	260
Write off of trade receivables	20	20	86	61	–
Amounts owing from disposed subsidiaries written off	–	–	2,887	972	–
Depreciation of plant and equipment	254	264	257	133	79
Travelling and accommodation expenses	59	30	32	9	3
Total	890	943	3,894	1,587	342

Impairment loss on intangible assets relates to internally developed software solutions used by the Target Group's customers to facilitate payments using mobile devices, and was due to challenging market conditions in certain countries which the Target Group operates, a delay in the launch of a new software, and the development of a new software in 2017 to replace the existing software.

The goodwill that arose from acquisition of Genesis Payment Solutions Private Limited was fully impaired in FY2019 due to deterioration of business performance.

Loss of disposal of subsidiary relates to the liquidation of Ffastmall Limited in 2018.

Amortisation of intangible assets relates to amortisation of patent and trademark, and software.

Share of Loss of Joint Venture and Associate (net of tax)

Share of loss of joint venture and associate relates to the Target Group's share of loss incurred by PT MCP Indo Utama and Bitecoin Pte Ltd. The share of loss of joint venture is limited to the Target Group's cost of investment in PT MCP Indo Utama, and the share of loss of associate is limited to the Target Group's cost of investment in Bitecoin Pte Ltd. As at 31 December 2018, the Target Group's cost of investment in PT MCP Indo Utama had been reduced to nil due to share of losses recognised in prior years.

Finance Costs

Finance costs relate to interest expense on convertible bonds, loss on early settlement of Series C convertible bonds, interest expense on hire purchase payable, bank loans, loans from director and third party, lease liabilities and foreign exchange loss, net.

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Income Tax (Expense)/ Credit

The Target Group recorded income tax credit of approximately S\$3,000 in FY2017 due to over provision of deferred tax in MC Payment (M) Sdn. Bhd. and under provision of tax in Ffastmall Limited. The Target Group recorded income tax expense amounting to approximately S\$400, S\$21,000, nil and nil in FY2018, FY2019, 1H2019 and 1H2020 respectively. The income tax expense in FY2018 and FY2019 related to under provision of tax in MCP Thailand in FY2018, and withholding tax on disposal of PT MCP Indo Utama in FY2019.

Inflation

Inflation did not have a material impact on the Target Group's financial performance during the Period Under Review.

19.2 Review of Results of Operations

FY2017 vs FY2018

Revenue

Revenue of the Target Group decreased by S\$0.5 million or 15.0%, from S\$3.0 million in FY2017 to S\$2.5 million in FY2018, due to a decrease in revenue contribution from the Target Group's MPS business segment of S\$0.8 million, which was partially offset by an increase in revenue contribution from the Target Group's DCES business segment of S\$0.4 million.

The decrease in revenue under the Target Group's MPS business segment was mainly due to the cessation of its online shopping mall business, partially offset by higher revenue from projects with higher value secured by the Target Group in FY2018 for its DCES business segment.

Cost of Sales and Gross Profit Margin

Cost of sales decreased by S\$0.7 million or 37.6%, from S\$2.0 million in FY2017 to S\$1.3 million in FY2018.

Gross profit increased by S\$0.3 million or 32.3%, from S\$1.0 million in FY2017 to S\$1.3 million in FY2018. Gross profit margin increased by 18.0 percentage points from 32.3% in FY2017 to 50.3% in FY2018. The increase in gross profit margin was mainly due to the cessation of the Target Group's online shopping mall business in FY2018 which has a lower gross profit margin, and the projects secured under its DCES business segment were of a higher margin as compared to its MPS business segment.

The gross profit margin of the Target Group's DCES business segment decreased from 82.4% in FY2017 to 58.5% in FY2018, mainly due to the absence of revenue from licensing fees for its gateway engine system technology in FY2018. Revenue from such licensing fees in FY2017 did not carry any associated costs as the cost of developing the gateway engine has been capitalised as intangible assets.

Other Income

Other income decreased by S\$1.7 million or 94.5%, from S\$1.8 million in FY2017 to S\$0.1 million in FY2018, mainly due to the absence of a one-off fair value gain on derivative financial instruments in relation to the embedded derivative financial liability in Series C convertible bonds of S\$1.8 million.

Finance Income

The Target Group did not record any finance income in FY2017. Finance income in FY2018 was approximately S\$200, and was mainly due to interest income derived from bank deposits.

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Administrative Expenses

Administrative expenses increased by approximately S\$22,000 or 0.6%, from S\$3.8 million in FY2017 to S\$3.9 million in FY2018. The increase was mainly due to the increase in (i) employee compensation of S\$0.1 million due to additional headcount arising from increased business activities, and (ii) other administrative expenses of S\$0.5 million mainly attributable to higher expenses incurred in the research of new development of software and maintenance of existing software. The increase was partially offset by the decrease of S\$0.6 million in professional services fees, mainly attributable to lower fees paid to professional parties in respect of the Proposed Acquisition.

Impairment loss on trade and other receivables

Impairment loss on trade and other receivables decreased by S\$0.4 million or 33.0%, from S\$1.0 million in FY2017 to S\$0.6 million in FY2018, mainly due to absence of impairment of certain trade receivables in previous year, and was partially offset by the impairment of S\$0.5 million loan to i-Fashion Group Pte. Ltd. (“**i-Fashion**”, and together with subsidiaries, the “**iFashion Group**”) pursuant to the proposed acquisition of iFashion Group by the Target Group in FY2018. The proposed acquisition of iFashion Group was subsequently aborted in December 2018.

Other Operating Expenses

Other operating expenses increased by approximately S\$52,000 in FY2018, mainly due to loss on disposal of subsidiary of approximately S\$49,000 and increase in amortisation of intangible assets of S\$0.1 million, which was partially offset by decrease in impairment loss on intangible assets of approximately S\$83,000, and decrease in travelling and accommodation expenses of approximately S\$29,000.

Share of loss of joint venture and associate (net of tax)

The share of loss of joint venture and associate increased by approximately S\$16,000 in FY2018 due to increased losses from PT MCP Indo Utama.

Finance Costs

Finance costs increased by S\$3.0 million or 282.7%, from S\$1.1 million in FY2017 to S\$4.1 million in FY2018, mainly due to the increase in interest expenses of S\$0.3 million attributable to the Series D Convertible Bonds issued for an aggregate principal amount of S\$11.0 million, and loss on early settlement of Series C convertible bonds amounting to S\$2.7 million.

Loss Before Tax

Loss before tax increased by S\$4.3 million, from S\$4.1 million in FY2017 to S\$8.4 million in FY2018, mainly due to a decrease in other income and an increase in finance costs, which was partially offset by an increase in gross profit.

Income Tax Credit / (Expense)

The Target Group recorded income tax expense of approximately S\$430 in FY2018 as compared to an income tax credit of approximately S\$3,000 in FY2017. Income tax expense in FY2018 related to the under provision of tax in MCP Thailand, whilst the income tax credit in FY2017 was due to over provision of deferred tax in MC Payment (M) Sdn. Bhd. and under provision of tax in Ffastmall Limited.

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FY2019 vs FY2018

Revenue

Revenue of the Target Group increased by S\$6.2 million or 239.8%, from S\$2.5 million in FY2018 to S\$8.7 million in FY2019, due to the increase in revenue contribution from the Target Group's MPS business segment of S\$6.4 million, which was partially offset by a decrease in revenue contribution from the Target Group's DCES business segment of S\$0.3 million.

The increase in revenue from the Target Group's MPS business segment was mainly due to the growth in the number of transactions and value of transactions processed by the Target Group attributable mainly to an increase in the number of merchants, and a full year revenue contribution from a payment method offered by Supplier A in FY2019 as compared to a 6-month contribution in FY2018.

Cost of Sales and Gross Profit Margin

Cost of sales increased by S\$3.4 million or 272.6%, from S\$1.3 million in FY2018 to S\$4.7 million in FY2019.

Gross profit increased by S\$2.6 million or 207.4%, from S\$1.3 million in FY2018 to S\$3.9 million in FY2019. Gross profit margin decreased from 50.3% in FY2018 to 45.5% in FY2019, mainly due to absence of higher margin projects from the Target Group's DCES business segment recognised in FY2018, which was partially offset by comparatively higher contribution from the Target Group's MPS business segment that generally carries higher gross profit margin.

The gross profit margin of the Target Group's DCES business segment decreased from 58.5% in FY2018 to 23.4% in FY2019, mainly due to the absence of several higher margin blockchain related projects which were secured and completed by the Target Group in FY2018. These projects commanded higher margins in view of the greater level of customisation required, and the in-house expertise involved in such projects.

Other Income

Other income increased by S\$2.0 million or 1,979.1%, from S\$0.1 million in FY2018 to S\$2.1 million in FY2019, mainly due to gain of S\$1.7 million on disposal of subsidiaries, MC Payment (HK) Limited and MC Payment Pty Ltd, and gain of S\$0.4 million on partial disposal of joint venture, PT MCP Indo Utama.

Finance Income

Finance income increased by S\$0.3 million, from approximately S\$200 in FY2018 to S\$0.3 million in FY2019, mainly due to foreign exchange gain (net) of S\$0.2 million.

Administrative Expenses

Administrative expenses decreased by S\$1.3 million or 31.8%, from S\$3.9 million in FY2018 to S\$2.6 million in FY2019, mainly due to decrease in (i) employee compensation of S\$0.3 million as a result of reduced headcount following employees' departure, (ii) professional services fees of S\$0.2 million attributable to lower legal services fee, (iii) rental costs of S\$0.2 million as the Target Group consolidated its Singapore activities to operate out of a single office, and (iv) other administrative expenses of S\$0.5 million attributable mainly to reduced outsourcing for research of new development of software and maintenance of existing software.

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Impairment loss on trade and other receivables

Impairment loss on trade and other receivables decreased by S\$0.1 million or 22.7%, from S\$0.6 million in FY2018 to S\$0.5 million in FY2019. Impairment loss on trade and other receivables in FY2019 was mainly due to impairment of consideration for the sale of MC Payment (HK) Limited of S\$0.5 million.

Other Operating Expenses

Other operating expenses increased by approximately S\$3.0 million or 313.2%, from S\$0.9 million in FY2018 to S\$3.9 million in FY2019, mainly due to (i) bad debts written off in respect of amounts owing by former subsidiaries, MC Payment (HK) Limited and MC Payment Pty Ltd, of S\$2.9 million attributable to MC Payment (HK) Limited and MC Payment Pty Ltd being in net liability position as at 31 December 2018, and (ii) impairment loss on goodwill of S\$0.2 million.

Share of loss of joint venture and associate (net of tax)

The share of loss of joint venture and associate decreased from S\$0.2 million in FY2018 to approximately S\$700 in FY2019, due to the absence of the Target Group's share of losses from PT MCP Indo Utama of S\$0.2 million, which was partially offset by the share of loss from Bitecoin Pte Ltd of approximately S\$700.

Finance costs

Finance costs decreased by S\$3.3 million or 79.9%, from S\$4.1 million in FY2018 to S\$0.8 million in FY2019, mainly due to (i) the absence of loss on early settlement of Series C convertible bonds of S\$2.7 million, (ii) a decrease in interest expense on convertible debts of S\$0.5 million following conversions by certain bondholders, and (iii) the absence of foreign exchange loss (net) amounting to S\$0.1 million.

Loss Before Tax

Loss before tax decreased by S\$6.9 million, from S\$8.4 million in FY2018 to S\$1.5 million in FY2019, mainly due to the (i) increase in gross profit and other income, (ii) decrease in administrative expenses and finance costs, which was partially offset by an increase in other operating expenses.

Income Tax Expense

The Target Group recorded income tax expense of approximately S\$21,000 in FY2019, relating to withholding tax on disposal of PT MCP Indo Utama.

1H2020 vs 1H2019

Revenue

Revenue of the Target Group increased by S\$3.3 million or 126.9%, from S\$2.7 million in 1H2019 to S\$6.0 million in 1H2020 due to the increase in revenue contribution from the Target Group's (i) MPS business segment of S\$2.7 million mainly due to growth in number of transactions and value of transactions processed by the Target Group attributable mainly to an increase in number of merchants and number of payment methods offered by the Target Group, and (ii) DCES business segment of S\$0.6 million mainly due to increase in sales volume to Customer C.

Cost of Sales

Cost of sales increased by S\$2.1 million or 147.6%, from S\$1.4 million in 1H2019 to S\$3.5 million in 1H2020.

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Gross Profit and Gross Profit Margin

Gross profit increased by S\$1.3 million or 103.4%, from S\$1.2 million in 1H2019 to S\$2.5 million in 1H2020. Gross profit margin decreased by 4.8 percentage points from 46.8% in 1H2019 to 42.0% in 1H2020 mainly due to higher revenue contribution from the Target Group's DCES business segment which carries a lower gross profit margin. The gross profit margin of the Target Group's DCES business segment decreased from 32.3% in 1H2019 to 4.8% in 1H2020 mainly due to sales of pre-paid cards which generally carry lower margin.

Other Income

Other income decreased by S\$1.1 million or 90.0%, from S\$1.2 million in 1H2019 to S\$0.1 million in 1H2020, mainly due to absence of gain on disposal of MC Payment (HK) Limited of S\$1.2 million, which was partially offset by an increase in government grant of S\$0.1 million.

Finance Income

Finance income increased by approximately S\$43,000, or 134.8%, from approximately S\$32,000 in 1H2019 to approximately S\$75,000 in 1H2020, due to increase in interest income from bank deposits and amount due from third party.

Administrative Expenses

Administrative expenses increased by S\$0.1 million or 7.3%, from S\$1.2 million in 1H2019 to S\$1.3 million in 1H2020, mainly attributable to an increase in employee compensation of S\$0.1 million due to additional headcount arising from increased business activities, and increase in directors' remuneration.

Reversal (allowance) of impairment losses on trade and other receivables

The Target Group recorded a reversal of impairment losses on trade and other receivables of approximately S\$9,000 in 1H2020, as compared to an impairment loss on trade and other receivables of S\$0.5 million in 1H2019. The reversal was mainly due to collection of trade receivables amounting to approximately S\$9,000 that were impaired in previous financial years.

Other Operating Expenses

Other operating expenses decreased by S\$1.3 million or 78.4%, from S\$1.6 million in 1H2019 to S\$0.3 million in 1H2020, mainly due to (i) absence of impairment of goodwill amounting to S\$0.2 million, and (ii) absence of bad debts written off in respect of amounts owing by former subsidiary, MC Payment (HK) Limited, of S\$1.0 million.

Share of loss of associate (net of tax)

The Target Group did not record any share of loss of associate in 1H2020 as Bitecoin Pte. Ltd. was struck off in 1H2020.

Finance costs

Finance costs decreased by S\$0.1 million or 15.1%, from S\$0.5 million in 1H2019 to S\$0.4 million in 1H2020, due to conversion of Series D Convertible Bonds in the second half of FY2019.

Profit/(Loss) Before Tax

The Target Group recorded profit before tax of S\$0.7 million in 1H2020 as compared to loss before tax of S\$1.3 million in 1H2019. This was mainly attributable to an increase in gross profit, and a decrease in (i) impairment losses on trade and other receivables, and (ii) other operating expenses, which was partially offset by a decrease in other income.

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Income Tax Expense

No income tax expense was recorded in 1H2019 as the Target had recorded losses for the financial period. No income tax expense was recorded in 1H2020 as the Target Group has no taxable profits, after utilisation of unutilised tax losses brought forward.

19.3 Review Of The Target Group's Financial Position

Non-Current Assets

Non-current assets of the Target Group comprise (i) property, plant and equipment, (ii) intangible assets and goodwill, (iii) investment in associate, and (iv) trade and other receivables. Non-current assets amounted to S\$1.6 million and S\$1.3 million, representing 6.7% and 5.8% of the Target Group's total assets as at 31 December 2019 and 30 June 2020 respectively.

Property, plant and equipment

Property, plant and equipment comprise (i) computer software and equipment, (ii) office equipment, furniture and fittings, and renovation, (iii) payment terminals, (iv) motor vehicles, and (v) office property leased for own use. Property, plant and equipment amounted to S\$0.2 million and S\$0.1 million, representing 10.2% and 9.5% of the Target Group's non-current assets as at 31 December 2019 and 30 June 2020 respectively. The decrease in property, plant and equipment was mainly due to depreciation expenses recognised in 1H2020, and partially offset by the increase in right of use assets in relation to a lease of an office property.

Intangible assets and goodwill

Intangible assets and goodwill relates to the Target Group's software, patents and trademarks, and goodwill arising from the acquisition of Genesis Payment Solutions Private Limited. Intangible assets and goodwill amounted to S\$1.4 million and S\$1.2 million, representing 87.8% and 89.4% of the Target Group's non-current assets as at 31 December 2019 and 30 June 2020 respectively. The decrease in intangible assets and goodwill was mainly due to amortisation of the intangible assets.

Investment in associate

Investment in associate relates to the Target Group's investment in Bitcoin Pte. Ltd. Investment in associate was nil as at 30 June 2020, as compared to approximately S\$19,000 as at 31 December 2019, due to Bitcoin Pte. Ltd. being struck off in 1H2020.

Trade and other receivables

Trade and other receivables comprise mainly (i) deposits for rental of the Target Group's office premises in Thailand, and (ii) utilities deposits. Trade and other receivables amounted to approximately S\$15,000 and S\$14,000, representing 0.9% and 1.1% of the Target Group's non-current assets as at 31 December 2019 and 30 June 2020 respectively.

Current Assets

Current assets comprise cash and cash equivalents, and trade and other receivables. Current assets amounted to S\$23.1 million and S\$21.5 million, representing 93.3% and 94.2% of the Target Group's total assets as at 31 December 2019 and 30 June 2020 respectively.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank (including Security Deposits) and cash on hand. Cash and cash equivalents amounted to S\$11.4 million and S\$12.1 million, representing 49.6% and 56.4% of the Target Group's current assets as at 31 December 2019 and 30 June 2020 respectively.

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Trade and other receivables

Trade and other receivables mainly comprise (i) monies receivables from Payment Providers for subsequent settlement to the merchants of the Target Group, (ii) fixed deposits set aside as collateral for an overdraft facility, and (iii) other receivables. Trade and other receivables amounted to S\$11.6 million and S\$9.4 million, representing 50.4% and 43.6% of the Target Group's current assets as at 31 December 2019 and 30 June 2020 respectively. The decrease in trade and other receivables was mainly due to lower outstanding monies receivables from Payment Providers as at 30 June 2020, as compared to 31 December 2019.

Equity

Equity of the Target Group comprises share capital, capital reserve, currency translation reserve, and accumulated losses. Equity attributable to equity holders of the Target amounted to negative S\$2.4 million and negative S\$1.7 million as at 31 December 2019 and 30 June 2020 respectively.

The Series D Convertible Bonds held by Mr. Tee Wee Sien of S\$3.4 million (inclusive of accrued interests) and Mr. Lee Soo Liap of S\$0.2 million (inclusive of accrued interests) have been converted into shares of the Target in November 2020 and December 2020 respectively. If the conversions had taken place as at 30 June 2020, the equity of the Target Group would be approximately positive S\$1.6 million as at 30 June 2020.

Non-Current Liabilities

Non-current liabilities comprise trade and other payables, loans and borrowings, and convertible bonds. Non-current liabilities amounted to S\$4.3 million, representing 15.8% of the Target Group's total liabilities as at 31 December 2019 and approximately S\$2,000 as at 30 June 2020.

Trade and other payables

Trade and other payables relate to the interest accrued on the outstanding Series D Convertible Bonds. Trade and other payables amounted to S\$0.3 million, representing 7.8% of the Target Group's non-current liabilities as at 31 December 2019. Trade and other payables was nil as at 30 June 2020 due to reclassification of such accrued interest from non-current liabilities to current liabilities since the Series D Convertible Bonds held by Mr. Tee Wee Sien and Mr. Low See Ching mature on 30 June 2021, being within 12 months from 30 June 2020.

Loans and borrowings

Loans and borrowings comprise lease liabilities relating to a motor vehicle in Malaysia and amounted to approximately S\$5,000 and approximately S\$2,000, representing 0.1% and 100.0% of the Target Group's non-current liabilities as at 31 December 2019 and 30 June 2020 respectively. The decrease in loans and borrowings was due to periodic repayment of the Target Group's lease liabilities.

Convertible bonds

Convertible bonds relate to the outstanding Series D Convertible Bonds which amounted to S\$3.9 million, representing 92.1% of the Target Group's non-current liabilities as at 31 December 2019. Convertible bonds was nil as at 30 June 2020 due to reclassification of the Series D Convertible Bonds from non-current liabilities to current liabilities.

Current Liabilities

Current liabilities comprise trade and other payables, loans and borrowings, and convertible bonds. Current liabilities amounted to S\$22.9 million and S\$24.6 million, representing 84.2% and approximately 99.9% of the Target Group's total liabilities as at 31 December 2019 and 30 June 2020 respectively.

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Trade and other payables

Trade and other payables mainly comprise (i) monies payable to merchants in relation to the transactions processed, (ii) Security Deposits, (iii) accrued interest relating to the convertible bonds outstanding; and (iv) accrued operating expenses. Trade and other payables amounted to S\$22.3 million and S\$20.2 million, representing 97.3% and 82.4% of the Target Group's current liabilities as at 31 December 2019 and 30 June 2020 respectively.

The decrease in trade and other payables was mainly due to lower value of transactions processed by the Target Group towards the end of 1H2020 compared to the value of transactions processed towards the end of FY2019.

Loans and borrowings

Loans and borrowings comprise loans from third parties and lease liabilities relating to a lease taken out for the purchase of a motor vehicle in Malaysia, and rental of office premises in Singapore. Loans and borrowings amounted to S\$0.4 million and approximately S\$36,000, representing 1.8% and 0.1% of the Target Group's current liabilities as at 31 December 2019 and 30 June 2020 respectively. The decrease in loans and borrowings was mainly due to the repayment of loans from third parties by the Target Group in 1H2020.

Convertible bonds

Convertible bonds amounted to S\$0.2 million and S\$4.3 million, representing 0.8% and 17.5% of total Target Group's current liabilities as at 31 December 2019 and 30 June 2020 respectively. The increase in convertible bonds was mainly due to reclassification from non-current liabilities to current liabilities.

19.4 Liquidity And Capital Resources

During the Period Under Review, the Target Group financed its operations mainly through cash generated from operating activities, borrowings from director and third-parties, and proceeds from the issuance of convertible bonds. The Target Group's principal uses of cash have been for working capital requirements and capital expenditures.

As at 30 June 2020, the Target Group had cash and cash equivalent of S\$12.1 million, and negative working capital of S\$3.1 million. The negative working capital was mainly attributable to the Series D Convertible Bonds outstanding as at 30 June 2020. As at 30 June 2020, the Target Group recorded negative shareholders' equity of S\$1.7 million, mainly attributable to the accumulated losses incurred over the preceding financial years.

As at the Latest Practicable Date, the Target Group had cash and cash equivalents of S\$4.9 million.

In assessing whether the Enlarged Group has sufficient working capital, the Proposed Board of Directors and the Sponsor and Financial Adviser have considered the following:

- (i) the Target Group's revenue grew from S\$2.5 million in FY2018 to S\$8.7 million in FY2019. The Target Group continued to grow with recorded revenue of S\$6.0 million in 1H2020, against S\$2.7 million in 1H2019. The Target Group narrowed its losses from S\$4.1 million in FY2017 to S\$1.6 million in FY2019. The Target Group generated an after-tax profit of S\$0.7 million and positive net cash from operating activities of S\$0.8 million in 1H2020;
- (ii) significant part of the expenses in connection with the Proposed Acquisition are share-based payment and are therefore non-cash items;
- (iii) the Target Group has cash and cash equivalents of S\$4.9 million as at the Latest Practicable Date;

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- (iv) the Series D Convertible Bonds held by Mr. Tee Wee Sien of approximately S\$3.4 million (including the associated accrued interests) and Mr. Lee Soo Liap of S\$0.2 million (inclusive of interests) have been converted into shares of the Target in November 2020 and December 2020 respectively;
- (v) the Target Group has unutilised credit facilities of up to S\$2.4 million (excluding the loan facility of up to S\$0.8 million from Mr. Ching) as at the Latest Practicable Date. Please refer to the section entitled “Capitalisation and Indebtedness” of this Appendix A for further details;
- (vi) the repayment of Ching to Company Loan, and the outstanding loan as at the Latest Practicable Date amounted to approximately S\$0.6 million (including accrued interests). Please refer to the section entitled “Interested Person Transactions of the Enlarged Group - Present and Ongoing Interested Person Transactions” of the Circular for further details;
- (vii) the Target Group’s business has been largely resilient amidst the COVID-19 pandemic, recording a monthly average revenue of about S\$1.0 million in 1H2020 as compared to S\$0.7 million in FY2019. The COVID-19 pandemic has resulted in lockdown and social-distancing measures being put in place. Online purchases are expected to become a viable channel for consumers, and this augurs well for the Target Group which has a foothold in the online payment space;
- (viii) the Target Group does not envisage any material capital expenditures in the next 12 months after the Completion, based on information as at the Latest Practicable Date;
- (ix) the Target Group will redeem Mr. Low See Ching’s Series D Convertible Bonds of principal amount S\$1.5 million and the associated accrued interests on the maturity of the bond (being 30 June 2021);
- (x) the continuing net loss and net cash burn for MCPHT and MCP Thailand following commencement of trading of the Consideration Shares;
- (xi) the current working capital needs of the Target Group;
- (xii) the material difference in the trade receivables’ turnover days (being collections received from customers) and trade payables’ turnover days (being payments made to suppliers) in respect of the Target Group’s DCES business segment; and
- (xiii) the increase in general and administrative expenses for the Target Group in FY2020 mainly due to expenses in connection with the Proposed Transactions.

Having considered the factors above, the Proposed Board of Directors is of the opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from the Enlarged Group’s operating activities, the available unutilised credit facilities and the existing cash and cash equivalents, the working capital available to the Enlarged Group as at the date of this Circular is sufficient for its present requirements and for at least 12 months after the Completion.

The Sponsor and Financial Adviser is of the reasonable opinion that, after having made due and careful enquiry and taking into account the factors set out above, the cash flows generated from the Enlarged Group’s operating activities, the available unutilised credit facilities and the existing cash and cash equivalents, the working capital available to the Enlarged Group as at the date of this Circular is sufficient for its present requirements and for at least 12 months after the Completion.

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In assessing the working capital sufficiency of the Enlarged Group, the Proposed Board of Directors and the Sponsor and Financial Adviser have not taken into consideration the financial support from Mr. Ching and the expected proceeds from the Proposed Placement.

A summary of the Target Group’s consolidated statements of cash flows for the Period Under Review is set out below. The following net cash flow summary should be read in conjunction with the full text of this Appendix A and the Circular, including the “Independent Auditors’ Report on the Audit of the Consolidated Financial Statements for the Years Ended 31 December 2017, 31 December 2018, and 31 December 2019”, “Independent Auditors’ Report on the Review of Condensed Consolidated Interim Financial Statements of the Target Group for the Six Months Period Ended 30 June 2020” and “Reporting Accountants’ Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information of the Target Group for the Year Ended 31 December 2019 and Six Months Period Ended 30 June 2020” as set out in Appendices B, C, and D respectively of this Circular.

S\$'000	Audited			Unaudited	Unaudited Pro Forma	
	FY2017	FY2018	FY2019	1H2020	FY2019	1H2020
Net cash generated from/ (used in) operating activities	(3,444)	(7,058)	10,390	791	10,390	791
Net cash generated from/ (used in) investing activities	(1,388)	(144)	283	(4)	706	(4)
Net cash generated from/ (used in) financing activities	7,964	209	(566)	(422)	(566)	(422)
Net increase/(decrease) in cash and cash equivalents	3,132	(6,993)	10,107	365	10,530	365
Effect of exchange rate fluctuations on cash held	(5)	4	(80)	329	(80)	329
Cash and cash equivalents at beginning of financial year	5,281	8,409	1,420	11,447	1,420	11,870
Cash and cash equivalents at end of financial year	8,408	1,420	11,447	12,141	11,870	12,564

FY2017

In FY2017, the Target Group recorded net cash used in operating activities before changes in working capital of S\$2.9 million. Net cash used in working capital amounted to S\$0.2 million, and was mainly due to an increase in trade and other receivables by S\$0.6 million, which was partially offset by an increase in trade and other payables of S\$0.5 million. After taking into account the interest paid of S\$0.4 million and income tax paid of approximately S\$1,000, the net cash used in operating activities amounted to S\$3.4 million. The increase in trade and other receivables was mainly due to slower collection from the customers and the increase in trade and other payables was mainly due to slower repayment made to the suppliers.

Net cash used in investing activities amounted to S\$1.4 million and was mainly due to the cost incurred for software development of S\$0.9 million, the purchase of plant and equipment of S\$0.3 million and the acquisition of subsidiaries (net of cash acquired) of S\$0.2 million.

Net cash generated from financing activities amounted to S\$8.0 million and was mainly due to the proceeds from the issuance of S\$8.0 million convertible bonds, which was partially offset by the repayment of loans and finance lease liabilities of approximately S\$36,000.

As a result of the above and after adjusting for effects of exchange rate fluctuations on cash held, there was a net increase of S\$3.1 million in cash and cash equivalents, from S\$5.3 million as at 1 January 2017 to S\$8.4 million as at 31 December 2017.

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FY2018

In FY2018, the Target Group recorded net cash used in operating activities before changes in working capital of S\$2.6 million. Net cash used in working capital amounted to S\$1.4 million, and was due to an increase in trade and other receivables of S\$3.1 million, which was partially offset by an increase in trade and other payables of S\$1.7 million. After taking into account the net interest paid of S\$3.1 million and income tax paid of approximately S\$400, the net cash used in operating activities amounted to S\$7.1 million. The increase in trade and other receivables was mainly due to outstanding trade receivables from the sale of prepaid cards made in December 2018, and the increase in trade and other payables was mainly due to the increase in the Target Group's business activities.

Net cash used in investing activities amounted to S\$0.1 million, and was due to the purchase of plant and equipment of S\$0.1 million and the capital injection in associate of approximately S\$20,000.

Net cash generated from financing activities amounted to S\$0.2 million, and was mainly due to the proceeds from the issuance of S\$3.0 million convertible bonds, drawdown of loans and borrowings of S\$0.7 million, which was partially offset by repayment of convertible bonds of S\$3.5 million.

As a result of the above and after adjusting for effects of exchange rate fluctuations on cash held, there was a net decrease of S\$7.0 million in the Target Group's cash and cash equivalents, from S\$8.4 million as at 1 January 2018 to S\$1.4 million as at 31 December 2018.

FY2019

In FY2019, the Target Group recorded net cash from operating activities before changes in working capital of S\$1.6 million. Net cash generated from working capital amounted to S\$8.7 million, and was due to an increase in trade and other payables of S\$20.6 million, which was partially offset by an increase in trade and other receivables of S\$11.9 million. After taking into account the net interest paid of approximately S\$33,000 and income tax paid of approximately S\$21,000, the net cash generated from operating activities amounted to S\$10.2 million. The increase in trade and other payables was mainly due to (i) the increase in the Target Group's business activities, and (ii) delays in payment of monies due to Customer A while in the process of finalising a settlement agreement with it. The increase in trade and other receivables was mainly due to (i) the increase in the Target Group's business activities; (ii) higher value of transactions processed by the Target Group towards the end of FY2019; and (iii) delays in remittance of monies due from PP A, which funds it holds in relation to the payment services it provides are reportedly being safeguarded by the FCA to protect the interests of PP A's customers. Please refer to the section entitled "Credit Management" in Appendix A of the Circular for further details.

Net cash generated from investing activities amounted to S\$0.3 million, and was mainly due to the proceeds from disposal of joint venture amounting to S\$0.4 million, which was partially offset by purchase of plant and equipment of approximately S\$3,000, and intangible assets of approximately S\$10,000, and cash outflow from disposal of subsidiaries amounting to approximately S\$57,000.

Net cash used in financing activities amounted to S\$0.6 million, and was due to the repayment of loans and borrowings of S\$0.5 million, repayment of lease liabilities of approximately S\$42,000, repayment of convertible bonds of S\$0.2 million, which was partially offset by drawdown of loans and borrowings of S\$0.2 million.

As a result of the above and after adjusting for effects of exchange rate fluctuations on cash held, there was a net increase of S\$10.0 million in the Target Group's cash and cash equivalents, from S\$1.4 million as at 1 January 2019 to S\$11.4 million as at 31 December 2019.

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1H2020

In 1H2020, the Target Group recorded net cash generated from operating activities before changes in working capital of S\$0.9 million. Net cash used in working capital amounted to S\$0.2 million. This was due to a decrease in trade and other payables of S\$2.4 million which was partially offset by the decrease in trade and other receivables of S\$2.3 million. After taking into account the net interest income of approximately S\$13,000, the net cash from operating activities amounted to S\$0.8 million. The decrease in trade and other payables was mainly due to lower value of transactions processed by the Target Group towards the end of 1H2020 compared to the value of transactions processed towards the end of FY2019. Accordingly, there was lower amount of monies receivables due from Payment Providers.

Net cash used in investing activities amounted to approximately S\$4,000, and was mainly due to the purchase of plant and equipment.

Net cash used in financing activities amounted to S\$0.4 million, and was due to the repayment of loans and borrowings and lease liabilities of S\$0.4 million and approximately S\$22,000 respectively.

As a result of the above and after adjusting for effect of exchange rate fluctuations on cash held, there was a net increase of S\$0.7 million in the Target Group's cash and cash equivalents, from S\$11.4 million as at 1 January 2020 to S\$12.1 million as at 30 June 2020.

Listing Suitability

Notwithstanding the net loss, negative working capital, negative cashflows from operations and negative equity position for the Period Under Review, barring unforeseen circumstances, the Sponsor and Financial Adviser believes that the Target Group is suitable for listing, in view of the following:

- (i) the Series D Convertible Bonds held by Mr. Tee Wee Sien of approximately S\$3.4 million (inclusive of accrued interests) and Mr. Lee Soo Liap of S\$0.2 million (inclusive of interests) have been converted into shares of the Target Company in November 2020 and December 2020 respectively. Accordingly, the Target Group is in a positive equity position as at the date of this Circular. Based on the management accounts as at 31 October 2020, the Target Group's equity position would be approximately S\$1.5 million had the aforesaid conversions of Series D Convertible Bonds taken place as at 31 October 2020.

In addition, the Enlarged Group intends to raise additional funds from the Proposed Placement subsequent to the Completion. Coupled with the financial support from Mr Ching pursuant to the Mr Ching Placement Undertaking, these would augment the financial position of the Enlarged Group and fund its growth;

- (ii) the Target Group will have sufficient working capital for its present requirements and 12 months after Completion. Please refer to the paragraph entitled "Liquidity and Capital Resources" of Appendix A to this Circular for more information;
- (iii) the Target Group's revenue grew from S\$2.5 million in FY2018 to S\$8.7 million in FY2019. The Target's Group's business continued to grow with recorded revenue of S\$6.0 million in 1H2020, against S\$2.7 million in 1H2019 and an after-tax profit of S\$0.7 million in 1H2020. The Target Group narrowed its losses from S\$4.1 million in FY2017 to S\$1.6 million in FY2019. The Target Group generated an after-tax profit of S\$0.7 million and positive net cash from operating activities of S\$0.8 million in 1H2020;

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- (iv) the robust growth potential of the FinTech industry, and specifically the digital payments sector, is disclosed in the paragraph entitled “Prospects, Trends and Future Plans” in Appendix A to this Circular. As an established FinTech group, the Target Group is well positioned to ride the growth of digital payment sector in Singapore and other countries in Southeast Asia. Going forward, the Target Group expects greater transaction value from the online domain to drive its business growth. The Target Group believes that its platforms, products and services are well-placed to meet the expected increase in demand by merchants and their end-customers for digital payments, and help it to secure higher revenue and margins;

The Target Group’s business is largely resilient amidst the COVID-19 pandemic, recording a monthly average revenue of S\$1.0 million in 1H2020 as compared to S\$0.7 million in FY2019. The COVID-19 pandemic has resulted in lockdown and social-distancing measures being put in place. Online purchases are expected to become a viable channel for consumers to make purchases, and this augurs well for the Target Group which has a foothold in the on-line payment space;

- (v) the Target Group is capably managed by an experienced team. The Proposed Executive Director and Chief Executive Officer, Mr. Anthony Koh; and the Proposed Executive Director and Chief Operating Officer, Mr. Kim, have 15 and 24 years of experience in the FinTech industry respectively;

In addition, management oversight will be provided by the Proposed Board of Directors which comprises directors who have a good mix of industry as well as professional expertise and knowledge; and

- (vi) there have not been any findings arising from the Sponsor and Financial Adviser’s due diligence exercise as at the Latest Practicable Date which would have any material adverse impact on the suitability of the Target Group for listing.

19.5 Capital Expenditures, Divestments, Commitments And Contingent Liabilities

Capital Expenditures and Divestments

Capital expenditures made by the Target Group during the Period Under Review and for the period from 1 July 2020 to the Latest Practicable Date were as follows:

(\$'000)	FY2017	FY2018	FY2019	1H2020	1 July 2020 to the Latest Practicable Date
Acquisitions					
Computer software and equipment	22	10	3	4	11
Office equipment, furniture and fittings, and renovations	105	2	–	–	1
Payment terminals	180	112	–	–	–
Office property leased for own use	–	–	54	34	–
Goodwill	171	–	–	–	–
Patent and trademark	– ⁽¹⁾	–	–	–	–
Software	975	–	47	–	–
Total expenditures	<u>1,453⁽²⁾</u>	<u>124</u>	<u>104</u>	<u>38</u>	<u>12</u>

Notes:

(1) Less than S\$500.

(2) Capital expenditure in FY2017 of S\$1.5 million was mainly due to the capitalisation of internally developed software solutions, purchase of payment terminals and goodwill in relation to the acquisition of Genesis Payment Solutions Private Limited.

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The above capital expenditures were mainly financed by internally generated funds and proceeds from the issuance of the convertible bonds.

The following table sets out the Target Group's divestments during the Period Under Review and for the period from 1 July 2020 up to the Latest Practicable Date:

	FY2017	FY2018	FY2019	1H2020	1 July 2020 to the Latest Practicable Date
Computer equipment	–	–	3	–	–
Office equipment, furniture and fittings, and renovation	–	–	2	–	–
License	–	–	1,473	–	–
Total divestments	–	–	1,478	–	–

The divestments in FY2019 mainly related to the Target Group's disposal of assets arising from disposal of MC Payment Pty Ltd and MC Payment (HK) Limited.

Commitments

As at the Latest Practicable Date, the Target Group does not have any material capital commitments.

Contingent Liabilities

As at the Latest Practicable Date, the Target Group does not have any material contingent liabilities.

19.6 Foreign Exchange Management

Accounting Treatment of Foreign Currencies

The accounting records for the companies in the Target Group are maintained in their respective functional currencies. The consolidated financial statements of the Target Group are presented in S\$, which is the functional currency of the Target, and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are translated to the respective functional currencies of Target Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising from translation are recognised in profit or loss.

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

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Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Target Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Target Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Foreign Exchange Exposure

The reporting currency of the Target Group is S\$ and its operations are primarily carried out in Singapore. Other than the respective functional currencies of its subsidiaries, the Target Group also transacts in US\$, THB, MYR, EUR, HKD and JPY. The percentage of the Target Group's revenue, cost of sales, and expenses denominated in different currencies for the Periods Under Review were as follows:-

	FY2017	FY2018	FY2019	1H2019	1H2020
Percentage of revenue denominated in:					
S\$	67.2	48.8	9.9	13.4	5.9
US\$	26.6	33.6	57.9	61.3	59.9
EUR	0.1	0.5	18.1	5.7	18.1
JPY	0.5	7.7	13.8	19.4	14.9
Others	5.6	9.4	0.3	0.2	1.2
	100.0	100.0	100.0	100.0	100.0

	FY2017	FY2018	FY2019	1H2019	1H2020
Percentage of cost of sales denominated in:					
S\$	89.7	38.9	7.9	16.0	3.5
US\$	4.4	39.2	54.9	54.9	66.6
EUR	0.1	0.3	20.2	4.6	14.1
JPY	–	11.1	17.4	24.8	15.5
MYR	5.5	9.8	0.1	0.1	0.3
Others	0.3	0.7	0.0	0.0	0.0
	100.0	100.0	100.0	100.0	100.0

	FY2017	FY2018	FY2019	1H2019	1H2020
Percentage of expenses denominated in:					
S\$	91.8	94.0	93.8	95.5	85.9
US\$	0.1	0.1	0.5	0.4	1.2
THB	2.1	2.6	3.6	1.8	8.7
Others	6.0	3.3	2.1	2.3	4.2
	100.0	100.0	100.0	100.0	100.0

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To the extent that revenue, purchases and expenses of the Target Group are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection/payment, the Target Group will be exposed to adverse fluctuations of the various currencies against the Singapore dollar, which would adversely affect its earnings.

At present, the Target Group does not have any formal policy for hedging against foreign exchange exposure. The Target Group will continue to monitor its foreign exchange exposure and may employ hedging instruments to manage its foreign exchange exposure should the need arise. Prior to implementing any formal hedging policies, the Target Group will seek the approval of the Proposed Board of Directors on the policy and put in place adequate procedures which shall be reviewed and approved by the New Audit Committee. Thereafter, all hedging transactions entered into by the Target Group will be in accordance with the set policies and procedures.

Net foreign exchange transaction loss for the FY2017, FY2018 and 1H2020 were approximately S\$44,000, S\$92,000 and S\$81,000 respectively. The Target Group recorded net foreign transaction gain of S\$0.2 million in FY2019.

19.7 Significant Accounting Policy Changes

Please refer to the “Independent Auditors’ Report on the Audit of the Consolidated Financial Statements for the Years Ended 31 December 2017, 31 December 2018, and 31 December 2019” and “Independent Auditors’ Report on the Review of Condensed Consolidated Interim Financial Statements of the Target Group for the Six Months Period Ended 30 June 2020” as set out in Appendices B and C of this Circular respectively for details on the Target Group’s accounting policies.

The accounting policies have been consistently applied by the Target Group during the Period Under Review, except for the adoption of the new and revised SFRS (I) and SFRS(I) Interpretations that are relevant to our operations with effect from 1 January 2018. The impact of the adoption of new accounting standards are disclosed in note 30 of the notes to the audited consolidated financial statements entitled “Explanation of transition to SFRS(I) and adoption of new standards” as set out in Appendix B of this Circular.

The Target Group has no intention to change its accounting policies within 12 months after commencement of trading of the Consideration Shares, that may result in material adjustments to its financial statements disclosed in this Circular.

Reconciliation between FRS and SFRS (I)

In line with the requirements of the amendments pursuant to the Securities and Futures (Offers of Investments) (Securities and Securities-Based Derivatives Contracts) Regulations 2018, the Target Group is required to present a reconciliation of its net assets and net profit after tax for FY2017 prepared in accordance with FRS to SFRS (I).

Other than the effects of the adoption of new standards that are effective for the financial year beginning 1 January 2018, the Target Group has assessed that there is no material reconciliation required to its net assets and net profit after tax for FY2017 and accordingly, no such reconciliation has been presented.

The accounting policies adopted in the preparation of the Independent Auditors’ Report and the Unaudited Condensed Consolidated Interim Financial Statements for the Six-month Period Ended 30 June 2020 of Mobile Credit Payment and its subsidiaries are consistent with those adopted in the preparation of the audited consolidated financial statements of the Target Group for the financial years ended 31 December 2018 and 2019. The Target Group has also adopted all the new and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2018. The adoption of SFRS (I) and all the new and revised standards and interpretations did not have a material impact on the condensed consolidated interim financial statements upon application.

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20. CAPITALISATION AND INDEBTEDNESS

The following selected financial information should be read in conjunction with the full text of this Appendix A and the Circular, including the “Independent Auditors’ Report on the Audit of the Consolidated Financial Statements for the Years Ended 31 December 2017, 31 December 2018, and 31 December 2019”, “Independent Auditors’ Report on the Review of Condensed Consolidated Interim Financial Statements of the Target Group for the Six Month Period Ended 30 June 2020” and “Reporting Accountants’ Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information of the Target Group for the Year Ended 31 December 2019 and Six Months Period Ended 30 June 2020” as set out in Appendices B, C, and D respectively of this Circular and the paragraph headed “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Appendix A.

The table below shows cash and cash equivalents, capitalisation and indebtedness of the Target Group as at 30 June 2020 and as at 1 November 2020, based on the unaudited consolidated management accounts as at 1 November 2020 on the following basis:

- (a) based on the unaudited consolidated management accounts as at 1 November 2020;
- (b) as adjusted for (i) the proceeds of up to S\$9.0 million from the Allotment and Issuance of Mr. Ching- Placement Undertaking Shares and the Proposed Placement, net of S\$1.4 million which will be used to pay the outstanding expenses in connection with the Proposed Transactions as at 1 November 2020; and (ii) the intended application of S\$1.8 million from the proceeds from the Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares and the Proposed Placement towards the redemption of outstanding Series D Convertible Bonds.

	As at 30 June 2020 S\$’000	As at 1 November 2020 S\$’000	As at 1 November 2020 and adjusted for the net proceeds and redemption of the convertible bonds S\$’000
Cash and cash equivalents	12,141	4,534	10,336
Current Indebtedness	24,579	17,215	15,400
Secured and guaranteed	–	–	–
Secured and non-guaranteed	5	5	5
Unsecured and guaranteed	–	–	–
Unsecured and non-guaranteed	24,574	17,210	15,395
Non-current Indebtedness	2	1	1
Secured and guaranteed	–	–	–
Secured and non-guaranteed	2	1	1
Unsecured and guaranteed	–	–	–
Unsecured and non-guaranteed	–	–	–
Total Indebtedness	24,581	17,216	15,401
Total Shareholders equity	(1,733)	(2,198)	5,419
Total capitalisation and indebtedness	22,848	15,018	20,820

As at the Latest Practicable Date, there were no material changes in the Target Group’s total capitalisation and indebtedness, save for changes in its working capital and reserves arising from the day-to-day operations in the ordinary course of business.

As at the Latest Practicable Date, the Target Group’s banking and credit facilities (utilised and unutilised) amounted to an aggregate of approximately S\$2.4 million.

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Facilities, Loans and Borrowings

As at the Latest Practicable Date, the Target Group's outstanding borrowing comprised an overdraft facility of up to S\$2.4 million granted by Maybank Singapore Limited which has not been drawn down as at the Latest Practicable Date. The foregoing overdraft facility is secured by a fixed deposit of US\$2.0 million provided by the Target in favour of the lender. Details of the Target Group's loans and borrowings as at the Latest Practicable Date are as follows:

Type of Facilities	Nature of Facility	Amount of Facilities granted (S\$'000)	Utilised (S\$'000)	Outstanding (S\$'000)	Repaid (S\$'000)	Interest rate per annum	Maturity profile
Overdraft Facility ⁽¹⁾	Working capital	2,400	–	–	N/A	6.25%	N/A
Total		2,400	–	–	N/A		

Note:

- (1) The terms and conditions attaching to the facility letter include a provision that the borrower (being the Target) shall not without the prior written consent of Maybank Singapore Limited undertake or permit any re-organisation, amalgamation, reconstruction, take-over, substantial change of shareholders or other schemes of compromise or arrangement affecting its present constitution. As at the Latest Practicable Date, the Target has obtained the consent of Maybank Singapore Limited for the Proposed Acquisition.

In October 2019, Mr. Ching had extended an unsecured loan facility of principal amount of S\$800,000 to the Target, and as at the Latest Practicable Date, the loan has yet to be drawn down. Please refer to Section 22.2 of the Circular entitled “Interested Person Transactions of the Enlarged Group – Present and Ongoing Interested Person Transactions” for further details.

Save as disclosed above, the Target Group does not have any material unused sources of liquidity as at the Latest Practicable Date.

Finance Lease

As at the Latest Practicable Date, the Target Group's finance lease is as follows:

Type of Facilities	Nature of Facility	Amount of Facilities granted (S\$'000)	Utilised (S\$'000)	Outstanding (S\$'000)	Repaid (S\$'000)	Interest rate per annum	Maturity profile
Public Bank Berhad							
Finance lease	Hire purchase of motor vehicle	29	29	5	24	3.57%	7 years
Total		29	29	5	24		

As at the Latest Practicable Date, to the best knowledge of the Proposed Board of Directors, the Target Group is not in breach of any terms and conditions or covenants associated with any bank loan or credit arrangement which could materially affect the Target Group's financial position and results or business operations, or the investments of the Shareholders. Save as disclosed above, there are no material terms and conditions in the Target Group's credit facilities which impose restrictions on payment of dividends, are tied to the Proposed Board of Directors and/or make references to the specific shareholding interest of any Controlling Shareholder.

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21. SEASONALITY

The Target Group's MPS business segment is subject to seasonal fluctuations in line with those experienced by the merchants which it services. These customers of the Target Group in the MPS segment typically experience higher sales and transaction volumes during public holidays and festive seasons. Accordingly, more payments are processed before and during public holidays and festive seasons which translate to a higher amount of payment processing fees being collected by the Target Group.

The Target Group's DCES business segment is not affected by any seasonal changes in demand.

22. ORDER BOOK

There is no order book for the Target Group's MPS business segment as its revenue is driven by transaction value processed via the Target Group's platform, which is in turn driven by purchases of the retail consumers of its merchants.

The Target Group does not maintain an order book for its DCES business segment due to the short-term nature of the projects in this segment.

23. PROSPECTS, TRENDS AND FUTURE PLANS

23.1 Prospects

Barring any unforeseen circumstances, and to their best knowledge and belief, the Proposed Board of Directors is confident of the future prospects and outlook of the Target Group's business due to the following factors.

Increasing digitisation and e-commerce trends across Southeast Asia

Southeast Asia region's spending on e-commerce is expected to continue to achieve double-digit growth in the coming decade⁶, which the Target Group believes is driven by a number of fundamental macro factors including: (i) the increasing trend of consumers favouring online purchases which afford greater convenience and availability of options; and (ii) digitisation spurred by increased access to banking facilities, and higher card penetration through digital banking due to financial inclusion in countries that the Target Group operates in; (iii) increasing online access through smartphone penetration and accessibility of 4G and broadband access; and (iv) continued government and business support on various strategies and initiatives on the development of digitisation across the region.

Based on BCG's report "Southeast Asian Consumers are Driving a Digital Payment Revolution" published in May 2020⁷, Southeast Asia possesses many of the key characteristics that fuelled the take-off and rapid growth of digital payments in China: high digital penetration and digital engagement, extensive friction between consumers and commercial banks, investments by start-ups and digital platforms, a steady expansion of e-payment use cases, and strong government push. Southeast Asia is also following a similar growth path as China for e-wallet usage. E-wallet payments for groceries, bills, and e-commerce are gaining momentum in Southeast Asia, and expected to grow to 55% of e-wallet payments by 2025, compared to 33% in 2020.

⁶ This information was extracted from a media release entitled "Digital payments and e-commerce booming in South and South-East Asia" published by The Business Times on 22 December 2018, which can be accessed at: <https://www.businesstimes.com.sg/asean-business/digital-payments-and-e-commerce-booming-in-south-and-south-east-asia>, data accessed on 26 December 2020. The Business Times has not provided consent, for the purposes of Section 249 of the SFA, to the inclusion of the above information in this Circular and is therefore not liable for such information under Sections 253 and 254 of the SFA.

⁷ This information was extracted from a report by published by BCG published in May 2020. BCG has not provided consent for the purposes of Section 249 of the SFA to the inclusion of the above information in this Circular and is therefore not liable for such information under Sections 253 and 253 of the SFA.

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Internet usage in Southeast Asia continues to multiply, with 40 million new users in 2020 alone. The Target Group also believes that COVID-19 pandemic has brought about a permanent and massive digital adoption spurt, with more than one (1) in three (3) digital services consumer being new to the service of which 90% intend to continue their newfound habits post-pandemic. The internet sector will remain resilient at US\$100 billion gross merchandise value by year end 2020, and is poised to grow to over US\$300 billion gross merchandise value by 2025, an indication that momentum has not been derailed by the year's challenging environment⁸.

Changing payment habits of consumers and increasing demand for digital payments

The Target Group believes that the rapid development of e-commerce has prompted changes in consumer habits towards, and merchant demand for, digital payments, and particularly, payments from mobile phones and smart devices, across a variety of payment methods. As the non-cash payment infrastructure continues to become omnipresent and consumers continue to shift away from cash usage, the increasing demand for cashless payments had gone beyond e-commerce and has extended to off-line merchants as well.

According to the "Digital Consumers of Tomorrow, Here Today" report by Facebook and Bain & Company released on 6 August 2020⁹, millions of offline shoppers in Southeast Asia, have moved online and become digital consumers, as evidenced by the digital consumer population growth averaging between 5% and 9% in Southeast Asian countries such as Singapore, Malaysia and Thailand. Across the region, online spending is set to reach US\$147 billion by 2025, from US\$53 billion by the end of 2020, representing a CAGR of 22.6%.

The Target Group believes that its platforms, Smart App, products and services are well-placed to meet the increasing demand by merchants and their end-customers for digital payment capabilities, especially given the rising trend of convergence between omnichannel and O2O strategies being adopted by merchants. In addition, the Target Group believes that its (i) focus on creating a single unified platform for acceptance and processing of multiple payment methods, and (ii) ability to provide its customers with industry-specific digital payment and value-added solutions that integrate its payment processing services to the stakeholders throughout the value chain of various industries, will help the Target Group to secure higher revenue and margins.

Continued demand for outsourcing and white-labelling

The Target Group has experienced and observed continued demand for outsourcing and white-labelling of already developed FinTech solutions, MPS solutions and DCES. This allows merchants to save on the time and costs associated with developing their own individual payment processing or client-servicing solutions, and instead better focus their efforts and resources to their core activities and management of business operations. The Target Group believes that with an increasing number of merchants opting to not develop their own payment processing or client-servicing solutions, demand for white-labelling solutions from specialised technology or FinTech firms such as the Target Group will rise, and the Proposed Board of Directors believes that the Target Group is well-positioned to capture a portion of such growing demand. Through the provision of customisable, white-label SaaS, the Target would be able to serve a wider variety of merchants, thereby significantly increasing its potential to expand and upscale its operations.

⁸ This information was extracted from a report entitled "e-Conomy SEA 2020" by Google, Temasek and Bain & Company released in November 2020. Google, Temasek and Bain & Company have not provided consent, for the purposes of Section 249 of the SFA, to the inclusion of the above information in this Circular and are therefore not liable for such information under Sections 253 and 253 of the SFA.

⁹ This information was extracted from a report by Facebook and Bain & Company released on 6 August 2020. Facebook and Bain & Company have not provided consent, for the purposes of Section 249 of the SFA, to the inclusion of the above information in this Circular and are therefore not liable for such information under Sections 253 and 253 of the SFA.

While the Proposed Board of Directors and the Sponsor and Financial Adviser have taken reasonable actions to ensure that the above information has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly, none of the Proposed Board of Directors and the Sponsor and Financial Adviser or any other party has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

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High barriers to entry

The Target Group believes that a sustained business presence in the FinTech industry requires not just technological know-how, but also partnerships by FinTech companies with Payment Providers. Such partnerships may not be easy to establish and often require ongoing efforts towards compliance with the rules and internal requirements of the various Payment Providers. For example, certain Payment Providers require that the Target Group meets the PCI Data Security Standard, an information security standard for organisations which handle branded credit cards under their payment systems.

The Proposed Board of Directors believes that given the time and costs required to develop platforms, partnerships, products and solutions, as well as to meet the applicable standards of the various Payment Providers, the barriers to entry to the MPS and DCES segments in the FinTech industry are relatively high. These barriers to entry include high costs of creating a new MPS/DCES product, customer stickiness to payment processing solutions that have proven reliable, and the “network” effect which creates the link between the Target’s MPS and the DCES products it is able to offer to its customers in the latter segment. As such, the Proposed Board of Directors believes that new entrants would, in the short term, face difficulties in providing the same level and scope of products and services which the Target Group is currently able to provide, allowing the Target Group to retain, and even extend, its market share.

23.2 Trends

The following discussions about trends include forward-looking statements that involve risk and uncertainty. Please refer to the section headed “Cautionary Note on Forward-Looking Statements” of this Circular.

Barring unforeseen circumstances, the Proposed Board of Directors has observed the following trends for FY2020 and for 12 months from the Latest Practicable Date, based on the Target Group’s revenue and operations as at the Latest Practicable Date:

- (a) the Target Group’s revenue is expected to increase in line with the increasing demand from online merchants for digital payment processing as a result of increase in online shopping activities in light of safe-distancing measures imposed by respective government and general public’s concerns over the COVID-19 outbreak. The increase in revenue is partially offset by decrease in revenue contribution from the Target Group’s in-store payment processing services due to the imposition of travel restrictions, closure of public venues and safe-distancing measures imposed by the respective governments;
- (b) the Target Group’s costs of sales are expected to increase proportionately more than the increase in revenue in FY2020 due to competition, and are expected to increase in line with the increase in revenue in FY2021; and
- (c) general and administrative expenses for the Target Group are expected to increase in FY2020 mainly due to expenses in connection with the Proposed Transactions. General and administrative expenses for the Target Group are expected to further increase in FY2021 mainly due to directors remuneration as a result of entering into the Service Agreements with the Executive Directors, directors’ fees for the appointment of the Proposed Directors and costs to be incurred by a listed company.

The Proposed Board of Directors expects the Target Group to be in a loss position for FY2020 mainly due to the one-time expenses in connection with the Proposed Transactions.

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Save as disclosed above and in Section 21 of this Circular entitled “Risk Factors” and the paragraphs headed “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “Prospects, Trends and Future Plans” of this Appendix A and barring any unforeseen circumstances, the Proposed Board of Directors is not aware of any significant recent trends in sales and inventory and in the costs and selling prices of the Target Group’s products and services since 30 June 2020, or any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Target Group’s revenue, profitability, liquidity or capital resources for at least FY2020, or that would cause the financial information disclosed in this Circular not to be necessarily indicative of the Target Group’s future operating results or financial position.

23.3 Future Plans

Enhancing the Target Group’s platform to become a comprehensive business-to-business (B2B) transactional platform

The Target Group intends to further develop and enhance its platform to become a comprehensive B2B transactional platform through the following methods: (i) by launching and developing value-added services and capabilities to add to its current portfolio of core payment processing services, and (ii) continuously develop new technology and other payment solutions.

The Target Group has identified further growth opportunities in the field of artificial intelligence, big data and blockchain technologies. By leveraging on these technologies, the Target Group believes that it will be able to build on the services offered under its existing DCES segment to offer value-added services and solutions which are able to more holistically address its clients’ needs. Artificial intelligence and big data technology may be integrated into the Target Group’s SaaS offerings in connection with the automation of processes and, the combing through of high volumes of data, which would in turn be able to generate trends and end-customer insights which would be able to add value to the Target Group’s merchants as they would be better able to adapt and improve their respective business operations and/or sales strategies with a view to expand their margins by increasing revenue. For instance, in respect of the Target Group’s “Herohippo” platform, which is targeted at servicing merchants in the food and beverage industry, customer orders can be linked to inventory management data while artificial intelligence technology can be integrated into the existing SaaS services to analyse consumer preferences, predict when specific inventory items are running low, and suggest and automatically generate orders and payments by merchants to the relevant suppliers. Merchants will also be able to better understand which menu items are most popular amongst customers. The Target Group believes that the value accretion that the enhanced DCES can provide would in turn drive demand for its products among a larger quantity of merchants, and thereby allow the Target Group the opportunity to upsell its comprehensive B2B transactional platform, which comprises its payment solutions which can also be upgraded with such artificial intelligence and big data capabilities.

Through adopting blockchain technology, the Target Group will also be able to roll out new solutions and services for its customers. For instance, the Target Group intends to explore the development and deployment of a blockchain-based trade financing platform which provides corporates and businesses with working capital which includes receivables and sales invoice financing with faster loan approval speeds, reduced credit risk to lenders, and heightened degrees of transparency and security for all parties. These benefits mean that stakeholders in the trade financing ecosystem can enjoy increased efficiency and achieve their goals with less strain on their existing resources.

In addition, the Target Group has also developed instalment payment services and a loyalty programme, which may be used by merchants in conjunction with its POS devices and payment processing solutions offered by the Target Group. Instalment payment solutions would provide customers with added flexibility in the options available to them in paying for products purchased and also enable the merchant to track, receive and process payments from customers over a given period of time. In addition, the introduction of the loyalty programme would allow merchants to

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record the purchases made by individual customers, and facilitate the redemption of loyalty points accumulated by customers in return for rewards. The introduction of the instalment payment option and the loyalty programme as part of the Target Group's services on its platform is expected to result in an uplift in sales for merchants, with customers being more inclined to purchase expensive products as there is a smaller cash impact in the immediate-term and the accumulation of points serving as an incentive for customers to spend more at the merchants' stores, driving customer stickiness. As the merchants' sales increase, so too does the gross transacted value processed by the Target Group, thereby contributing to the growth of the Target Group's business, operations and financial performance.

To further expand on its existing capabilities, the Target Group also intends to provide card-issuing services through partnerships with its Payment Providers. Under this programme, the Target will leverage the resources and brand recognition of its various Payment Providers to reach a large pool of end-customers, offering cards for daily transacting purposes. Through this collaboration with Payment Providers, the Target Group would be also able to provide its cardholders with competitive foreign exchange rates for international purchases. The Target Group is also in the midst of developing a B2B cross-border money transfer solution to be integrated into its platform to further enhance the Target Group's offerings to its merchants. With the growing interconnectedness of businesses and corporates around the world, the Target Group believes that there is a need to be able to provide its merchants with an affordable way to transfer money either internally between such merchants' subsidiaries which are located in various countries, or externally with the merchants' counterparties.

Through such developments to augment the services which the Target Group is able to provide through its platform, the Target Group aims to become a comprehensive and integrated provider of FinTech solutions, being able to serve both corporates as well as end-customers. By being able to holistically provide services to merchants and end-customers, the Target Group expects that demand for its platform will continue to grow, thereby allowing it to capture a greater market share from its competitors going forward.

Expanding customer base

Since the Target Group's establishment, it has progressed steadily to become an established FinTech company that provides MPS and DCES services to a wide variety of merchants. In order to retain its existing customer base, the Target Group will seek to augment existing relationships with customers to achieve organic growth through overseas expansion, implementation of O2O strategies, and providing additional customised value-added services through its integrated platform. To continue to attract new merchants for its products and services, the Target Group intends to leverage on its reputation in the FinTech industry, capabilities, technological know-how, and proven track record to further enhance its unified payment processing platform and the range of value-added services it currently provides to its customers. In particular, the Target Group also intends to develop products and services which may be integrated into its unified payment processing platform in order to remain at the forefront of innovation and to meet the constantly evolving needs and requirements of its customers. For further details of such additional services, please refer to the paragraph headed "Enhancing the Target Group's platform to become a comprehensive business-to-business (B2B) transactional platform" in this paragraph above.

The Target Group will also look to increase overall customer additions through deployment of its sales and marketing strategies, including leveraging partnerships with various international Payment Providers, which has proven to be an effective sales and marketing medium in obtaining numerous industry introductions.

The Target Group believes there is significant growth opportunity in light of the (i) changing payment habits of consumers, and (ii) increasing demand from merchants for digital payment processing, which were driven by rapid development of e-commerce and cashless payments.

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Expansion of the Target Group's business presence in the Southeast Asian region

In the span of 15 years since its inception, the Target Group (including its associated company) has established its presence both locally and in the Southeast Asian region in Malaysia, Indonesia and Thailand, and this is evidenced by the Target Group management's expertise and extensive experience in the FinTech industry, which had allowed it to grow in Singapore and to expand its business presence in Malaysia, Indonesia and Thailand. Building on such expertise, the Target Group intends to penetrate new geographical markets across Southeast Asia, at the appropriate juncture where the Proposed Board of Directors considers that such expanded operations would be earnings accretive to the Target Group.

While the Target Group continues to explore such opportunities for expansion, it is mindful of the ever-changing regulatory landscape which is applicable to MPS and DCES providers in these jurisdictions. As such, the Target Group will research and analyse the various regulatory and operational challenges which may be associated with setting up its operations in such jurisdiction prior to the making any substantial investments into new jurisdictions, and that the Target Group has sufficient comfort and confidence that it would be able to address these challenges in the course of setting up its MPS and DCES operations in such jurisdictions. For further details, please refer to section 21 entitled "Risk Factors – There is no assurance that the Target Group's business strategies and future plans will be commercially successful" in this Circular above.

Expand market reach, technological know-how and operational capabilities via mergers and acquisitions, joint ventures and partnerships

The Target Group intends to expand its geographical footprint and achieve its growth in overseas markets either organically or by collaborating with suitable partners through strategic alliances, mergers and acquisitions, joint ventures and/or franchises which it believes would complement its current and future business and would be aligned with its longer-term interests. As the Target Group has yet to invest heavily in expanding its presence beyond Southeast Asia, these initiatives would allow the Target Group to take full advantage of its currently untapped potential for growth in the wider Asia-Pacific region. The Proposed Board of Directors believes that suitable acquisitions, joint ventures and/or strategic alliances would strengthen the Target Group's competitive advantage by granting it access to the geographical markets which its partners may already have an established presence, as well as to new customers and business partners, and will seize opportunities as and when they arise. In particular, the Target Group seeks new synergies that will allow it to expand its technological know-how and operational capabilities, as well as acquire new customers.

24. CORPORATE SOCIAL RESPONSIBILITY

The Target Group recognises that it has an obligation towards its employees, shareholders, suppliers, customers, competitors and the community as a whole. The Target Group believes its good reputation, and the trust reposed in it by its various stakeholders, to be one of its most valuable assets. In order to keep this reputation and trust, the Target Group demands and seeks to raise standards, and has implemented multiple policies including a quality policy which outlines its objectives and approach to doing business. These policies help to uphold the reputation of the Target Group and staff, and maintain the confidence of its stakeholders.

The Target Group has a whistleblowing policy pursuant to which employees are encouraged to promptly report any potentially illegal, improper and/or unethical conduct that they become aware of at their workplace or in connection with their work. The Target Group believes it has an environment that enables its employees to raise genuine and legitimate concerns. In the event that its employees believe their reporting to line management may result in harassment, victimisation or undue distress, they may contact the Proposed Chairman and Independent Director, Mr. Albert Cheok Saychuan, directly.

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

25. INTERESTS OF EXPERTS

No expert (i) is employed on a contingent basis by the Target or its subsidiaries; or (ii) has a material interest, whether direct or indirect, in the shares of the Target or its subsidiaries; or (iii) has a material economic interest, whether direct or indirect, in the Target, including an interest in the success of the Proposed Transactions.

26. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Circular, none of the Proposed Directors nor the Substantial Shareholders of the Target or any of their Associates has any interests or is deemed interested in the Proposed Transactions.

27. GENERAL AND STATUTORY INFORMATION

27.1 Share Capital

Save as disclosed below, there were no changes in the issued and paid-up share capital of the Target or any of its subsidiaries within the three (3) years preceding the Latest Practicable Date:

The Target

Date	Event	Number of shares issued	Issue price per share	Resultant number of shares	Resultant issued share capital (S\$)
22 May 2017	Allotment (Conversion of Series B Convertible Bonds)	105,116	S\$14.27	1,506,660	7,358,700
14 August 2017	Allotment (Conversion of Series B Convertible Bonds)	105,116	S\$14.27	1,611,776	8,858,700
15 August 2017	Allotment (Conversion of Series B Convertible Bonds)	35,039	S\$14.27	1,646,815	9,358,700
22 September 2017	Allotment (Conversion of Series B Convertible Bonds)	70,077	S\$14.27	1,716,892	10,358,700
5 October 2017	Allotment (Conversion of Series B Convertible Bonds)	35,038	S\$14.27	1,751,930	10,858,700
23 October 2017	Allotment (Conversion of Series B Convertible Bonds)	35,039	S\$14.27	1,786,969	11,358,700
1 February 2018	Allotment (Conversion of Series B Convertible Bonds)	35,040	S\$14.27	1,822,009	11,858,700
15 May 2019	Allotment (Conversion of Series D Convertible Bonds)	180,395	S\$24.97	2,002,404	16,363,700
2 September 2019	Allotment (Conversion of Series D Convertible Bonds)	43,611	S\$24.97	2,046,015	17,452,795.89
1 December 2019	Allotment (Conversion of Series D Convertible Bonds)	38,105	S\$24.97	2,084,120	18,404,400.89
1 November 2020	Allotment (Conversion of Series D Convertible Bonds)	137,298	S\$24.97	2,221,418	21,833,112.89
1 December 2020	Allotment (Conversion of Series D Convertible Bonds)	9,449	S\$24.97	2,230,867	22,069,079.89

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

The Target's Subsidiaries

Subsidiary	Date	Event	Number of shares issued	Issue price per share	Resultant number of shares	Resultant issued share capital
MC Payment (M) Sdn Bhd	13 January 2020	Capitalisation of amounts owing to the Target	3,000,000	RM1.00	3,500,000	RM3,500,000.00
MC Payment (Thailand) Co., Ltd.	5 April 2018	Allotment and Issuance	106,775 ordinary shares	THB100	106,775	THB10,677,500
MC Payment (Thailand) Co., Ltd.	5 April 2018	Allotment and Issuance	1,000 ordinary shares	THB100	107,775	THB10,777,500
MC Payment (Thailand) Co., Ltd.	5 April 2018	Allotment and Issuance	86,725 ordinary shares	THB100	194,500	THB19,450,000
MC Payment (Thailand) Co., Ltd.	5 April 2018	Allotment and Issuance	25,500 preference shares	THB100	194,500 ordinary shares 25,500 preference shares	THB22,000,000
MCP Holdings (Thailand) Co., Ltd.	3 February 2020	Allotment and Issuance	9,998 ordinary shares	THB100	9,998	THB999,800
MCP Holdings (Thailand) Co., Ltd.	3 February 2020	Allotment and Issuance	1 ordinary share	THB100	9,999	THB999,900
MCP Holdings (Thailand) Co., Ltd.	3 February 2020	Allotment and Issuance	1 ordinary share	THB100	10,000	THB1,000,000
MCP Holdings (Thailand) Co., Ltd.	26 June 2020	Allotment and Issuance	780 ordinary shares	THB100	10,780	THB1,078,000
MCP Holdings (Thailand) Co., Ltd.	26 June 2020	Allotment and Issuance	11,220 preference shares	THB100	10,780 ordinary shares 11,220 preference shares	THB2,200,000

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

27.2 Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Target Group within the two (2) years preceding the Latest Practicable Date and are or may be material:

- (a) Amended and Restated Sale and Purchase Agreement;
- (b) Supplemental Agreement;
- (c) Second Supplemental Agreement;
- (d) Third Supplemental Agreement;
- (e) Second Addendum to the Convertible Bond Agreement dated 1 December 2019 between Mobile Credit Payment Pte. Ltd. and Jeffery Ong @ Jeffery Rahardja;
- (f) Second Addendum to the Convertible Bond Agreement dated 20 December 2018 between Mobile Credit Payment Pte. Ltd. and Chua Long Seng;
- (g) Second Addendum to the Convertible Bond Agreement dated 1 December 2018 between Mobile Credit Payment Pte. Ltd. and Seah Ying Ying;
- (h) Second Addendum to the Convertible Bond Agreement dated 1 December 2018 between Mobile Credit Payment Pte. Ltd. and Seah Pei Pei;
- (i) Addendum to the Convertible Bond Agreement dated 28 June 2019 between Mobile Credit Payment Pte. Ltd. and Tee Wee Sien (in respect of the Convertible Bond Agreement dated 23 May 2018);
- (j) Deed of Novation dated 28 June 2019 between Mobile Credit Payment Pte. Ltd., Ching Chiat Kwong, and Tee Wee Sien;
- (k) Addendum to the Convertible Bond Agreement dated 28 June 2019 between Mobile Credit Payment Pte. Ltd. and Tee Wee Sien (in respect of the Convertible Bond Agreement dated 29 June 2018);
- (l) Second Addendum to the Convertible Bond Agreement dated 28 June 2019 between Mobile Credit Payment Pte. Ltd. and Low See Ching;
- (m) Security Deed dated 28 June 2019 between Mobile Credit Payment Pte. Ltd., Koh Beng Kiok Anthony, Low See Ching and Tee Wee Sien;
- (n) Second Addendum to the Convertible Bond Agreement dated 1 December 2018 between Mobile Credit Payment Pte. Ltd. and Lee Soo Liap;
- (o) Second Addendum to the Convertible Bond Agreement dated 1 December 2019 between Mobile Credit Payment Pte. Ltd. and Lee Soo Liap;
- (p) Deed of Termination and Cancellation dated 30 September 2019 between Mobile Credit Payment Pte. Ltd., NCK Global Capital Pte. Ltd., Crest SCD Pte. Ltd., Kim Moon Soo, Choy Eun Sik, Koh Beng Kiok Anthony and Jeffery Ong @ Jeffery Rahardja; and
- (q) Share Purchase Agreement dated 20 December 2018 between Mobile Credit Payment Pte. Ltd. and Neutral Capital Inc..

APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED BOARD OF DIRECTORS

27.3 Litigation relating to the Target Group

As at the Latest Practicable Date, to the best of the knowledge and belief of the Proposed Board of Directors, neither the Target nor any of its subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated which may have or have had in the last twelve (12) months before the date of this Circular, a material effect on the financial position or the profitability of the Target Group.

27.4 Miscellaneous

Save as disclosed in Section 21 of this Circular entitled “Risk Factors” and the paragraphs headed “Capitalisation and Indebtedness” and “Management Discussion and Analysis of Results of Operations and Financial Position” of this Appendix A, the Proposed Board of Directors is not aware of any relevant event which has occurred since 1 July 2020 up to the Latest Practicable Date which may have a material effect on the results of operations and financial position of the Target Group or the financial information provided in this Circular.

Save as disclosed in the paragraph headed “General and Statutory Information – Share Capital” of this Appendix A, there has been no previous issue of shares by the Target or offer for sale of the shares of the Target to the public within the two years preceding the date of this Circular.

Save as disclosed in Section 21 of this Circular entitled “Risk Factors” and the paragraphs headed “Capitalisation and Indebtedness” and “Management Discussion and Analysis of Results of Operations and Financial Position” and “Prospects, Trends and Future Plans” of this Appendix A, the results of operations and financial position of the Target Group are not likely to be affected by any of the following:

- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Target Group’s liquidity increasing or decreasing in any material way;
- (b) material commitments for capital expenditure;
- (c) unusual or infrequent events or transactions or any significant economic changes that may materially affect the amount of reported income from operations; and
- (d) known trends or uncertainties that have had or that the Target Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.

The Target currently has no intention of changing the auditors of the Target Group Companies after Completion. The contact details of the Target are set out below:

Address of registered office: 10 Ubi Crescent, #05-05 Ubi Techpark, Singapore 408569

Telephone number: +65 6299 0030

Facsimile number: +65 6299 0030

Email address: mcp@mcpayment.com

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**Mobile Credit Payment Pte. Ltd.
and its Subsidiaries
Registration Number: 200508714E**

Consolidated financial statements
For the years ended 31 December 2017, 31 December 2018
and 31 December 2019

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Independent auditors’ report

The Board of Directors
Mobile Credit Payment Pte. Ltd.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Mobile Credit Payment Pte. Ltd. (‘the Company’) and its subsidiaries (‘the Group’), which comprise the consolidated statement of financial position of the Group as at 31 December 2017, 31 December 2018 and 31 December 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the each of the financial years ended then 31 December 2017, 31 December 2018 and 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages B-6 to B-79.

Unmodified opinion: consolidated financial statements for the financial year ended 31 December 2017 prepared in accordance to Singapore Financial Reporting Standards (‘SFRSs’)

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards (‘SFRSs’) so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for each of the financial years on that date.

Unmodified opinion: consolidated financial statements for the financial years ended 31 December 2018 and 2019 prepared in accordance to Singapore Financial Reporting Standards (International) (‘SFRS(I)s’)

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards (International) (‘SFRS(I)s’) so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and 31 December 2019, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for each of the financial years on that date.

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Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (‘SSAs’). Our responsibilities under those standards are further described in the ‘*Auditors’ responsibilities for the audit of the consolidated financial statements*’ section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (‘ACRA Code’) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and directors for the consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of SFRSs for the financial year ended 31 December 2017 and SFRS(I) for the financial years ended 31 December 2018 and 2019 respectively, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

Auditors’ responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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Restriction on Distribution and Use

This report is made solely for the inclusion in the Circular to Shareholders dated 31 December 2020 to be issued in relation to the proposed transaction as described in Section 1 of the Circular to Shareholders.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

31 December 2020

Yap Wee Kee
Partner-in-charge

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**Consolidated statements of financial position
As at 31 December 2017, 31 December 2018 and 31 December 2019**

	Note	2017 \$	2018 \$	2019 \$
Assets				
Property, plant and equipment	4	502,432	364,585	167,438
Intangible assets and goodwill	5	2,614,251	2,033,318	1,448,157
Investment in joint venture	6	–	–	–
Investment in associate	7	–	20,000	19,346
Trade and other receivables	9	179,155	267,333	14,529
Non-current assets		<u>3,295,838</u>	<u>2,685,236</u>	<u>1,649,470</u>
Cash and cash equivalents	8	8,408,882	1,419,536	11,446,417
Trade and other receivables	9	587,296	2,707,174	11,614,728
Current assets		<u>8,996,178</u>	<u>4,126,710</u>	<u>23,061,145</u>
Total assets		<u>12,292,016</u>	<u>6,811,946</u>	<u>24,710,615</u>
Equity				
Share capital	10	11,358,700	16,363,700	18,404,401
Capital reserve	10	1,802,036	2,413,296	2,896,488
Currency translation reserve	10	33,754	(40,185)	(66,015)
Accumulated losses		(13,728,417)	(22,068,456)	(23,624,756)
Equity attributable to equity holders of the Company		(533,927)	(3,331,645)	(2,389,882)
Non-controlling interests	11	(1,415,558)	(1,370,650)	(41,806)
Total equity		<u>(1,949,485)</u>	<u>(4,702,295)</u>	<u>(2,431,688)</u>
Liabilities				
Trade and other payables	13	–	27,397	332,587
Loans and borrowings	14	38,085	509,521	4,658
Convertible bonds	12	–	1,210,888	3,940,093
Non-current liabilities		<u>38,085</u>	<u>1,747,806</u>	<u>4,277,338</u>
Trade and other payables	13	2,793,661	4,477,330	22,258,270
Loans and borrowings	14	38,318	228,516	421,205
Convertible bonds	12	11,371,437	5,060,589	185,490
Current liabilities		<u>14,203,416</u>	<u>9,766,435</u>	<u>22,864,965</u>
Total liabilities		<u>14,241,501</u>	<u>11,514,241</u>	<u>27,142,303</u>
Total equity and liabilities		<u>12,292,016</u>	<u>6,811,946</u>	<u>24,710,615</u>

The accompanying notes form an integral part of these consolidated financial statements.

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**Consolidated statement of profit or loss and other comprehensive income
For the years ended 31 December 2017, 31 December 2018 and 31 December 2019**

	Note	2017 \$	2018 \$	2019 \$
Revenue	16	2,998,095	2,547,678	8,655,808
Cost of sales		(2,028,999)	(1,265,964)	(4,716,434)
Gross profit		969,096	1,281,714	3,939,374
Other income	17	1,832,995	101,234	2,104,792
Finance income	20	–	245	253,714
Administrative expenses	18	(3,839,985)	(3,862,427)	(2,633,314)
Impairment loss on trade and other receivables		(954,057)	(639,429)	(494,148)
Other operating expenses	19	(890,424)	(942,504)	(3,894,488)
Share of loss of joint venture and associate (net of tax)		(191,025)	(207,255)	(654)
Finance costs	20	(1,067,217)	(4,084,062)	(819,372)
Loss before tax		(4,140,617)	(8,352,484)	(1,544,096)
Income tax credit/(expense)	21	3,193	(430)	(21,066)
Loss for the year		(4,137,424)	(8,352,914)	(1,565,162)
Loss attributable to:				
Equity holders of the Company		(4,105,483)	(8,340,039)	(1,556,300)
Non-controlling interests		(31,941)	(12,875)	(8,862)
Loss for the year		(4,137,424)	(8,352,914)	(1,565,162)
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit of loss:</i>				
Foreign currency translation differences relating to consolidated financial statements of foreign subsidiaries and joint venture		85,241	(16,156)	73,421
Total comprehensive loss for the year		(4,052,183)	(8,369,070)	(1,491,741)
Total comprehensive loss attributable to:				
Equity holders of the Company		(4,046,828)	(8,413,978)	(1,582,130)
Non-controlling interests		(5,355)	44,908	90,389
Total comprehensive loss for the year		(4,052,183)	(8,369,070)	(1,491,741)
Earnings per share				
Basic earnings per share (dollars)	27	(2.61)	(4.54)	(0.77)
Diluted earnings per share (dollars)	27	(1.48)	(3.13)	(0.35)

The accompanying notes form an integral part of these consolidated financial statements.

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**Consolidated statement of changes in equity
For the years ended 31 December 2017, 31 December 2018 and 31 December 2019**

	Attributable to owners of the Company						Total equity \$
	Share capital \$	Currency translation reserve \$	Capital reserve \$	Accumulated losses \$	Total \$	Non-controlling interests \$	
At 1 January 2017	5,858,700	(24,901)	1,206,917	(9,622,934)	(2,582,218)	(1,409,536)	(3,991,754)
Total comprehensive income for the year							
Loss for the year	–	–	–	(4,105,483)	(4,105,483)	(31,941)	(4,137,424)
Other comprehensive income							
Foreign currency translation differences	–	58,655	–	–	58,655	26,586	85,241
Total other comprehensive income	–	58,655	–	–	58,655	26,586	85,241
Total comprehensive loss for the year	–	58,655	–	(4,105,483)	(4,046,828)	(5,355)	(4,052,183)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares related to conversion of convertible bonds	5,500,000	–	–	–	5,500,000	–	5,500,000
Equity component of convertible bonds	–	–	595,119	–	595,119	–	595,119
Total transactions with owners	5,500,000	–	595,119	–	6,095,119	–	6,095,119
Changes in ownership interests in subsidiaries							
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	(667)	(667)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	(667)	(667)
At 31 December 2017	11,358,700	33,754	1,802,036	(13,728,417)	(533,927)	(1,415,558)	(1,949,485)

The accompanying notes form an integral part of these consolidated financial statements.

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**Consolidated statement of changes in equity (cont’d)
For the years ended 31 December 2017, 31 December 2018 and 31 December 2019**

	Attributable to owners of the Company						
	Share capital \$	Currency translation reserve \$	Capital reserve \$	Accumulated losses \$	Total \$	Non-controlling interests \$	Total equity \$
At 1 January 2018	11,358,700	33,754	1,802,036	(13,728,417)	(533,927)	(1,415,558)	(1,949,485)
Total comprehensive income for the year							
Loss for the year	–	–	–	(8,340,039)	(8,340,039)	(12,875)	(8,352,914)
Other comprehensive income							
Foreign currency translation differences	–	(73,939)	–	–	(73,939)	57,783	(16,156)
Total other comprehensive income	–	(73,939)	–	–	(73,939)	57,783	(16,156)
Total comprehensive loss for the year	–	(73,939)	–	(8,340,039)	(8,413,978)	44,908	(8,369,070)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares related to conversion of convertible bonds	5,005,000	–	–	–	5,005,000	–	5,005,000
Equity component of convertible bonds	–	–	611,260	–	611,260	–	611,260
Total transactions with owners	5,005,000	–	611,260	–	5,616,260	–	5,616,260
At 31 December 2018	16,363,700	(40,185)	2,413,296	(22,068,456)	(3,331,645)	(1,370,650)	(4,702,295)

The accompanying notes form an integral part of these consolidated financial statements.

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**Consolidated statement of changes in equity (cont’d)
For the years ended 31 December 2017, 31 December 2018 and 31 December 2019**

	Attributable to owners of the Company						
	Share capital \$	Currency translation reserve \$	Capital reserve \$	Accumulated losses \$	Total \$	Non-controlling interests \$	Total equity \$
At 1 January 2019	16,363,700	(40,185)	2,413,296	(22,068,456)	(3,331,645)	(1,370,650)	(4,702,295)
Effect of adopting SFRS (I) 16 (Note 30)	—	—	—	—	—	—	—
Adjusted balance at 1 January 2019	16,363,700	(40,185)	2,413,296	(22,068,456)	(3,331,645)	(1,370,650)	(4,702,295)
Total comprehensive income for the year							
Loss for the year	—	—	—	(1,556,300)	(1,556,300)	(8,862)	(1,565,162)
Other comprehensive income							
Foreign currency translation differences	—	(25,830)	—	—	(25,830)	99,251	73,421
Total other comprehensive income	—	(25,830)	—	—	(25,830)	99,251	73,421
Total comprehensive loss for the year	—	(25,830)	—	(1,556,300)	(1,582,130)	90,389	(1,491,741)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares related to conversion of convertible bonds	2,040,701	—	—	—	2,040,701	—	2,040,701
Equity component of convertible bonds	—	—	483,192	—	483,192	—	483,192
Total transactions with owners	2,040,701	—	483,192	—	2,523,893	—	2,523,893
Changes in ownership interests in subsidiaries							
Disposal of subsidiary	—	—	—	—	—	1,238,455	1,238,455
Total changes in ownership interests in subsidiaries	—	—	—	—	—	1,238,455	1,238,455
At 31 December 2019	18,404,401	(66,015)	2,896,488	(23,624,756)	(2,389,882)	(41,806)	(2,431,688)

The accompanying notes form an integral part of these consolidated financial statements.

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**Consolidated statement of cash flows
For the years ended 31 December 2017, 31 December 2018 and 31 December 2019**

	Note	2017 \$	2018 \$	2019 \$
Cash flows from operating activities				
Loss before tax for the year		(4,140,617)	(8,352,484)	(1,544,096)
Adjustments for:				
Amortisation of intangible assets		437,047	543,661	460,962
Bad debt written off		20,112	19,498	2,972,958
Depreciation of property, plant and equipment		254,369	263,727	257,219
Fair value gain on derivative financial instrument		(1,760,395)	–	–
Impairment loss on goodwill		–	–	170,999
Impairment loss on intangible assets		120,292	37,272	–
Interest income		–	–	(39,960)
Interest expense		1,023,379	3,992,020	819,372
Loss on liquidation of subsidiary		–	49,322	–
Impairment loss on trade and other receivables		954,057	639,429	494,148
Share of results of joint venture and associate		191,025	207,255	654
Write-off of property, plant and equipment		8,221	–	–
Gain on disposal of subsidiaries		–	–	(1,685,340)
Gain on disposal of joint venture		–	–	(353,080)
Unrealised foreign exchange loss		–	–	150,485
		(2,892,510)	(2,600,300)	1,704,321
Changes in working capital:				
Trade and other receivables		(625,826)	(3,134,923)	(11,903,536)
Trade and other payables		470,780	1,743,481	20,643,437
Inventories		1,544	–	–
Cash (used in)/generated from operations		(3,046,012)	(3,991,742)	10,444,222
Income tax paid		(1,379)	(430)	(21,066)
Interest income		–	–	39,960
Interest paid		(396,441)	(3,065,761)	(72,887)
Net cash (used in)/generated from operating activities		(3,443,832)	(7,057,933)	10,390,229
Cash flows from investing activities				
Purchase of property, plant and equipment	4	(289,485)	(123,612)	(3,009)
Acquisition of subsidiaries, net of cash acquired	26	(164,715)	–	–
Disposal of subsidiaries, net of cash disposed		–	–	(57,116)
Proceeds from disposal of joint venture		–	–	353,080
Acquisition of investment in associate		–	(20,000)	–
Intangible assets	5	(933,641)	–	(10,000)
Net cash (used in)/generated from investing activities		(1,387,841)	(143,612)	282,955

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Consolidated statement of cash flows (cont’d)
For the years ended 31 December 2017, 31 December 2018 and 31 December 2019

	Note	2017 \$	2018 \$	2019 \$
Cash flows from financing activities				
Issue of convertible bonds		8,000,000	3,000,000	–
Drawdown of loans and borrowings		–	700,000	200,000
Repayment of lease liabilities (2018 and 2017: Repayment of hire purchase payables)		(3,868)	(4,328)	(42,266)
Repayment of loans and borrowings		(31,836)	(34,053)	(523,968)
Repayment of convertible bonds		–	(3,453,106)	(200,000)
Net cash generated from/(used in) financing activities		<u>7,964,296</u>	<u>208,513</u>	<u>(566,234)</u>
Net increase/(decrease) in cash and cash equivalents				
Effect of exchange rate fluctuations on cash held		(4,877)	3,686	(80,069)
Cash and cash equivalents at beginning of financial year		<u>5,281,136</u>	<u>8,408,882</u>	<u>1,419,536</u>
Cash and cash equivalents at end of financial year	8	<u>8,408,882</u>	<u>1,419,536</u>	<u>11,446,417</u>

Significant non-cash transactions

During the year ended 31 December 2019, the Company issued 81,716 (2018: 215,435; 2017: 385,425) ordinary shares for the conversion of convertible bonds amounting to \$2,040,701 (2018: \$5,005,000; 2017: \$5,500,000) for \$Nil consideration.

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Notes to the consolidated financial statements

These notes form an integral part of the consolidated financial statements.

1 Domicile and activities

Mobile Credit Payment Pte. Ltd. (‘the Company’) is a company incorporated in Singapore. The address of the Company’s registered office is 10 Ubi Crescent, Ubi Techpark #05-05 Singapore 408564.

The consolidated financial statements of the Group as at and for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 comprise the Company and its subsidiaries (together referred to as the ‘Group’ and individually as ‘Group entities’) and the Group’s interest in equity-accounted investees.

The principal activities of the Company are to carry on payment technology solution licensing, development and related hardware sales and, or rental, and, electronic payment processing as aggregator and master merchant.

2 Basis of preparation

2.1 Going concern

The Group incurred a net loss of \$1,565,162 (2018: \$8,352,914; 2017: \$4,137,424) during the year ended 31 December 2019 and as of that date, the Group has net liabilities of \$2,431,688 (2018: \$4,702,295; 2017: \$1,949,485).

The directors have reviewed the current performance and cash flow projections of the Group as part of their assessment of the Group’s ability to continue as a going concern, and after carefully considering the matters described below, the directors are of the view that the Group is able to continue as a going concern for at least the next twelve months from the date of the consolidated financial statements and to meet its obligations, as and when they fall due, having regard to the following:

- (i) the Group expects to continue to improve its cashflow position and generate positive operating cash flows for the next twelve months as a result of changes to its business model which will result in improvement to the revenue and collections;
- (ii) as at 30 November 2020, the Group has cash balances of \$4.5 million for the settlement of liabilities as and when they fall due;
- (iii) on 31 October 2019, the controlling shareholder of Artivision Technologies Ltd. (“Artivision”), extended a committed loan facility of up to \$800,000 to the Group which expires on 31 December 2021. Under the facility, the Group is able to draw down amounts in tranches of \$100,000 at an interest rate of 10% per annum from the date of disbursement;

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- (iv) on 20 December 2019, the Group obtained a \$2.0 million committed secured overdraft facility from a bank with high credit rating, based on established rating agency ratings; and
- (v) on 30 June 2020, the controlling shareholder of Artivision Technologies Ltd. has undertaken to (i) invest or procure up to \$4 million for the subscription of shares in the Company or (ii) to procure the full conversion of convertible bonds by certain convertible bonds.

Therefore, the directors have concluded that the Group has sufficient resources to continue in operational existence for the foreseeable future and that there are no material uncertainties relating to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern.

2.2 Statement of compliance

The consolidated financial statements for the financial years ended 31 December 2018 and 31 December 2019 have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)).

The consolidated financial statements for the financial year ended 31 December 2017 was prepared in accordance with Singapore Financial Reporting Standards (SFRS). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 on 1 January 2018 have affected the reported financial position, financial performance and cash flows is provided in Note 30.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Singapore dollars, which is the Company’s functional currency.

2.5 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with SFRS(I) and SFRS require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 25 – accounting for embedded derivatives in convertible bond

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of intangible assets and goodwill;
- Note 25 – measurement of ECL allowance for trade and other receivables; and
- Note 26 – Acquisition of subsidiary: fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.

Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group’s Chief Financial Officer has overall responsibility for all significant fair value measurements, including Level 3 fair value.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

The accompanying notes form an integral part of these consolidated financial statements.

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3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (“NCI”) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation are measured either at fair value or at the NCI’s proportionate share of the recognised amounts of the acquiree’s identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

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(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associate and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income (“OCI”) of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group’s share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee’s operations or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries, associates and joint ventures in the separate consolidated financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company’s consolidated statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income (“FVOCI”); or FVTPL.

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Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

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- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial assets – Policy applicable before 1 January 2018

The Group classifies non-derivative financial assets as loans and receivables.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade and other payables, finance lease liabilities and loans and borrowings.

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Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group’s cash management are included in cash and cash equivalents.

(vi) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in Singapore dollars that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed and does not vary with changes in fair value.

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The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability component is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

(vii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with FRS 12.

(viii) Derivative financial instruments

Derivative financial instruments– Policy applicable from 1 January 2018

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Derivative financial instruments – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, embedded derivatives are not separated from host contracts that are financial assets in the scope of SFRS(I) 9. Instead, the hybrid financial instrument is assessed as a whole for classification of financial assets under SFRS(I) 9.

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3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Computer software	10 years
• Computer equipment	3 – 5 years
• Office equipment and renovation	3 years
• Payment terminals	6 years
• Furniture and fittings	3 – 10 years
• Motor vehicles	5 years
• Office property leased for own use	1 – 2 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

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3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate and joint ventures.

(ii) Patent right and trademark

Patent right and trademark are stated at cost less accumulated amortisation and impairment losses. Patent right and trademark are only amortised from the date of patent right and trademark are obtained during which benefits are expected to be derived.

(iii) Software development cost

Costs incurred on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved product and processes. Development costs is capitalised only if the development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The costs capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for intended use, and capitalised borrowing costs. Other development costs is recognised in profit or loss as incurred.

Capitalised software development costs is measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Amortisation

Amortisation is calculated based on cost of the asset, less its residual value. Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, other than goodwill, from the date they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Patent and trademark 10 years
- Software 5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

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3.6 Impairment

(i) **Non-derivative financial assets and contract assets**

Policy applicable from 1 January 2018

The Group recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised costs and contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL, including an interest in an associate and joint venture, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

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Loans and receivables and unbilled receivables

The Group considered evidence of impairment for loans and receivables and unbilled receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

(ii) Associates and joint venture

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iii) Non-financial assets

The carrying amounts of the Group’s non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill, and intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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The Group’s corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in joint venture is tested for impairment as a single asset when there is objective evidence that the investment in joint venture may be impaired.

3.7 Revenue recognition

Revenue is based on the consideration specified in a contract with a customer. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured. Invoices issued to customers are due immediately or within 7 to 30 days.

(i) Transaction revenue

Transaction revenue consist of revenue earned for authorisation, clearing, settlement, network access and other maintenance and support services that facilitate transaction and information processing among the Group’s customers. As the customer only benefits when the related transaction is processed, the Group is only entitled to payment for services upon the successful processing of the transaction and revenue is recognised upon completion of the service, at a point in time.

(ii) Sales of services

Sales of services consist of (i) software customization and development services and (ii) implementation and integration of ready solution. Software customization and development services are provided to customers as a series of distinct goods or services that are transferred over time, either separately or in combination as an integrated offering, and are treated as a single performance obligation. Revenue is recognised over time, based on the progress towards complete satisfaction of that performance obligation. Implementation and integration of ready solutions consist of payment and loyalty application, website development and payment integration for shopping cart module. Revenue is recognised at a point in time upon successful integration and implementation.

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(iii) Licensing fee

Licensing fee revenue through the licensing of this technology platform to customers. Licensee can use this platform to sell further to the end customers. The licensing arrangement is a right-to-use and licensing fee revenue would be recognised at a point in time upon completion of the arrangement.

(iv) Other revenue

Other revenue consists of (i) setup fees and subscription fees and (ii) referral fees. Setup fees consist of revenue earned upon completion of account creation and terminal installation. Subscription fees on services-based products include website hosting, domain name registration and subscriber identification module (SIM) card services. Revenue is recognised over time. Referral fees consist of revenue earned when account is created and terminal has been set up or when sale transaction is processed by the referee. The Group is only entitled to payment for services upon successful set up or completion of sales transaction by the referee and revenue is recognised upon completion of the service, at a point in time.

No adjustment is made to transaction prices for time value of money as the contracts do not include significant financing consideration.

3.8 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.9 Employee compensation

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Unconsumed annual leave

The equivalent cost of employees’ entitlements to unconsumed annual leave as at end of each financial period is accrued for and recognised as an expense in profit or loss in the period in which the related employment services are rendered.

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Share-based payment

The MCP Employee Share Options (Options) of the Group is an equity-settled share-based payment award granted to employee. The grant date fair value of the Options is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.10 Government grants

An unconditional government grant is recognised in profit or loss as ‘other income’ when the grant becomes receivable.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as ‘other income’ on a systematic basis in the same periods in which the expenses are recognised.

3.11 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

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This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in ‘property, plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases - Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group’s statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3.12 Finance income and cost

The Group’s finance income and finance costs include interest income, interest expense, and the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

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The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *FRS 37 Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associate and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.14 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the Group’s CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group’s CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company’s headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

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3.16 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these consolidated financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group’s consolidated financial statements.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- *SFRS(I) 17 Insurance Contracts*

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4 Property, plant and equipment

	Computer software and equipment \$	Office equipment, furniture and fittings and renovation \$	Payment terminals \$	Motor vehicles \$	Office property leased for own use \$	Total \$
Cost						
At 1 January 2017	693,433	59,710	579,612	64,574	–	1,397,329
Additions	13,432	100,701	175,352	–	–	289,485
Additions from acquisition	8,818	3,890	4,655	–	–	17,363
Written off	–	(12,182)	–	(29,541)	–	(41,723)
Effects of movement in exchange rates	(232)	(200)	–	772	–	340
At 31 December 2017	715,451	151,919	759,619	35,805	–	1,662,794
Additions	9,892	2,031	111,689	–	–	123,612
Effects of movement in exchange rates	533	2,316	–	(122)	–	2,727
At 31 December 2018	725,876	156,266	871,308	35,683	–	1,789,133
At 1 January 2019	725,876	156,266	871,308	35,683	–	1,789,133
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	–	–	–	54,060	54,060
Adjusted balance at 1 January 2019	725,876	156,266	871,308	35,683	54,060	1,843,193
Additions	3,009	–	–	–	–	3,009
Disposal of subsidiary	(3,446)	(2,436)	–	–	–	(5,882)
Effect of movements in exchange rates	923	3,707	–	(130)	–	4,500
At 31 December 2019	726,362	157,537	871,308	35,553	54,060	1,844,820
Accumulated depreciation						
At 1 January 2017	458,191	34,578	395,277	16,235	–	904,281
Additions from acquisition	3,515	2,001	271	–	–	5,787
Depreciation charge	123,581	27,814	95,318	7,656	–	254,369
Written off	–	(2,324)	–	(1,737)	–	(4,061)
Effects of movement in exchange rates	(269)	(268)	–	523	–	(14)
At 31 December 2017	585,018	61,801	490,866	22,677	–	1,160,362
Depreciation charge	78,286	25,656	152,520	7,265	–	263,727
Effects of movement in exchange rates	235	430	–	(206)	–	459
At 31 December 2018	663,539	87,887	643,386	29,736	–	1,424,548
At 1 January 2019	663,539	87,887	643,386	29,736	–	1,424,548
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	–	–	–	–	–
Adjusted balance at 1 January 2019	663,539	87,887	643,386	29,736	–	1,424,548
Depreciation charge	25,175	39,119	148,803	5,962	38,160	257,219
Disposal of subsidiary	(3,446)	(2,436)	–	–	–	(5,882)
Effect of movement in exchange rates	499	1,141	4	(147)	–	1,497
At 31 December 2019	685,767	125,711	792,193	35,551	38,160	1,677,382
Carrying amounts						
At 1 January 2017	235,242	25,132	184,335	48,339	–	493,048
At 31 December 2017	130,433	90,118	268,753	13,128	–	502,432
At 31 December 2018	62,337	68,379	227,922	5,947	–	364,585
At 31 December 2019	40,595	31,826	79,115	2	15,900	167,438

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Leased motor vehicles (classified as finance lease under SFRS(I) 1-17 for 2018 and FRS 17 for 2017)

The Group leases motor vehicles under a number of finance leases. At 31 December 2019, the net carrying amount of leased property, plant and equipment was \$2 (2018: \$5,947; 2017: \$13,128).

5 Intangible assets and goodwill

	Goodwill \$	Patent and trademark \$	Software \$	License \$	Total \$
Cost					
At 1 January 2017	370,158	102,800	3,219,011	1,473,011	5,164,980
Additions	–	300	933,342	–	933,642
Additions from acquisition	170,999	–	41,792	–	212,791
At 31 December 2017 and 31 December 2018	541,157	103,100	4,194,145	1,473,011	6,311,413
Additions	–	–	46,800	–	46,800
Disposal of subsidiary	–	–	–	(1,473,011)	(1,473,011)
At 31 December 2019	541,157	103,100	4,240,945	–	4,885,202
Accumulated amortisation and impairment losses					
At 1 January 2017	370,158	30,186	1,266,468	1,473,011	3,139,823
Amortisation charge for the year	–	10,294	426,753	–	437,047
Impairment losses	–	–	120,292	–	120,292
At 31 December 2017	370,158	40,480	1,813,513	1,473,011	3,697,162
Amortisation charge for the year	–	10,420	533,241	–	543,661
Impairment losses	–	–	37,272	–	37,272
At 31 December 2018	370,158	50,900	2,384,026	1,473,011	4,278,095
Amortisation charge for the year	–	10,310	450,652	–	460,962
Impairment losses	170,999	–	–	–	170,999
Disposal of subsidiary	–	–	–	(1,473,011)	(1,473,011)
At 31 December 2019	541,157	61,210	2,834,678	–	3,437,045
Carrying amounts					
At 1 January 2017	–	72,614	1,952,543	–	2,025,157
At 31 December 2017	170,999	62,620	2,380,632	–	2,614,251
At 31 December 2018	170,999	52,200	1,810,119	–	2,033,318
At 31 December 2019	–	41,890	1,406,267	–	1,448,157

The software costs includes capitalisation of direct labour costs for the software development.

Impairment test

Software development

As at 31 December 2019, the Group and Company has 20 (2018 and 2017: 19) and 14 (2018 and 2017: 13) internally developed software solutions, respectively, that can be used by small businesses and merchants to facilitate payments using their own mobile devices.

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As at 31 December 2019, none of these software solutions showed indicators of impairment. As at 31 December 2018, 1 of these software solutions showed indicators of impairment arising from regulatory change in the country which it was intended to be rolled out in 2018. As at 31 December 2017, 2 of these software solutions showed indicators of impairment arising from challenging market conditions in certain countries which the Group operates; a delay in the launch of a new software; and the development of a new software in 2017 to replace the existing software.

As at 31 December 2018 and 2017, the estimated recoverable amount of these software, based on its value in use, was lower than its carrying value. The estimated value in use was determined using a pre-tax discount rate of 13.0% to 18.0% (2017: 13.5% to 18.4%) applied to respective cashflows generated from the countries for the software which it is to be deployed.

For the years ended 31 December 2018 and 2017, \$37,272 and \$120,292, respectively, was recognised as an impairment loss and was included in administrative and other expenses.

As at 31 December 2018 and 2017, the recoverable amount of the software was \$Nil and \$994,000, respectively.

Goodwill and license

The goodwill that arose from the acquisition of subsidiary (Note 26) of \$170,999 in 2017 has been fully allocated to the CGU – Genesis Payment Solutions Private Limited (“Genesis”). The recoverable amount of the Genesis CGU was based on its value in use, determined by discounting the estimated pre-tax future cash flows to be generated from the continuing use of the CGUs.

As at 31 December 2018, the carrying amount of the CGU was determined to be lower than the recoverable amount of \$817,000 (2017: \$559,000). As such, no impairment was recorded.

As at 31 December 2019, the recoverable amount of the Genesis CGU was determined to be \$Nil and the goodwill which was allocated to this CGU was fully impaired.

Key assumptions used in the estimation of value in use were as follows:

Group	%
31 December 2018	
Discount rate	12.4
Terminal value growth rate	2.5
Budgeted EBITDA growth rate (average of next five years)	<u>42.9*</u>
31 December 2017	
Discount rate	12.0
Terminal value growth rate	3.6
Budgeted EBITDA growth rate (average of next five years)	<u>18.3*</u>

* The budgeted EBITDA growth rate excludes the growth from 2017 to 2018 and from 2018 to 2019 as Genesis is loss making in 2018 and it would not be meaningful to include this in the assumption above.

The discount rate was a post-tax measure calculated from the risk-free rate of the countries that the CGU operates in, adjusted for market risk of investing in mature markets and the systematic risk specific to the CGU.

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Five years of projected cash flows were included in the discounted cash flow model. A terminal growth rate into perpetuity has been determined as the consumer price index inflation rate for the countries in which the CGU operates.

Budgeted EBITDA was based on broad expectations of future anticipated income growth derived from the projected growth in existing funds under management in the next five years.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately \$486,000 (2017: \$272,000). The following table shows the amount by which a reasonably possible change in the key assumptions (each on a standalone basis), would cause the estimated recoverable amount to be equal to the carrying amount.

Group	%
2018	
Discount rate	11.8
Terminal value growth rate	(30.6)
Budgeted EBITDA growth rate	<u>(176.3)</u>
2017	
Discount rate	3.8
Terminal value growth rate	(5.5)
Budgeted EBITDA growth rate	<u>(141.9)</u>

6 Investment in joint venture

	2017	2018	2019
	\$	\$	\$
Interest in joint venture	–	–	–

In 2019, the Group disposed 26% equity interest in PT MCP Indo Utama’s business for \$353,080 consideration. This divestment resulted in a decrease of interest in PT MCP Indo Utama, from 50% to 24%. Subsequent to the divestment, the Group classified PT MCP Indo Utama as an associate.

Details of the joint venture are as follow:

Name of joint venture	Principal activities	Country of incorporation	Percentage of equity held			Cost of investment		
			2017	2018	2019	2017	2018	2019
			%	%	%	%	\$	\$
PT MCP Indo Utama	Provision of mobile payment technology & development	Indonesia	50	50	–	642,898	850,153	–

The following table summarise the financial information of PT MCP Indo Utama, based on its consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group’s accounting policies.

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	2017 \$	2018 \$
PT MCP Indo Utama		
Revenue	52,687	130,644
Loss	(664,737)	(740,861)
OCI	4,220	18,675
Total comprehensive loss	<u>(660,517)</u>	<u>(722,186)</u>
Non-current assets	601,217	431,191
Current assets	111,930	128,702
Non-current liabilities	(443,658)	(536,666)
Current liabilities	(626,746)	(679,110)
Net assets	<u>(357,257)</u>	<u>(655,883)</u>
	2017 \$	2018 \$
Group’s interest in net assets of investee at beginning of the year	191,025	–
Share of interest acquired during the year	–	207,255
Group’s share of:		
- loss for the year	(191,025)	(207,255)
Foreign currency translation differences relating to consolidated financial statements of joint venture	–	–
Carrying amount of interest in investee at end of the year	<u>–</u>	<u>–</u>

As the share of accumulated losses as at 31 December 2018 and 31 December 2017 amounting to \$295,290 and \$141,344, respectively from PT MCP Indo Utama exceeded the costs of investments by the Group, losses incurred in 2018 and 2017 which amounted to \$153,946 and \$141,344, respectively were not recognised as the Group does not have further obligation to PT MCP Indo Utama in addition to what the Group has invested.

7 Investment in associate

	2017 \$	2018 \$	2019 \$
Interest in associate	–	20,000	19,346

Details of the associates are as follow:

Name of associates	Principal activities	Country of incorporation	Percentage of equity held			Cost of investment		
			2017 %	2018 %	2019 %	2017 \$	2018 \$	2019 \$
Bitecoin Pte Ltd	Blockchain technology for business application	Singapore	–	20	20	–	20,000	20,000
PT MCP Indo Utama	Provision of mobile payment technology & development	Indonesia	–	–	24	–	–	408,073

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The following table summarise the financial information of the Group’s associates, based on their respective consolidated financial statements prepared in accordance with FRS for financial year ended 31 December 2017 and SFRS(I) for financial year ended 31 December 2018, modified for fair value adjustments on acquisition and differences in the Group’s accounting policies.

	2017 \$	2018 \$
Bitecoin Pte Ltd		
Revenue	–	–
Loss	–	–
OCI	–	–
Total comprehensive loss	–	–
Non-current assets	–	–
Current assets	–	100,000
Non-current liabilities	–	–
Current liabilities	–	–
Net assets	–	100,000

	2017 \$	2018 \$
Group’s interest in net assets of investee at beginning of the year	–	–
Share of interest acquired during the year	–	20,000
Group’s share of:		
- loss for the year	–	–
Carrying amount of interest in investee at end of the year	–	20,000

	Bitecoin Pte Ltd \$	PT MCP Indo Utama \$	Total \$
2019			
Revenue	–	372,439	372,439
Loss	(3,272)	(830,429)	(833,701)
OCI	–	(20,629)	(20,629)
Total comprehensive loss	(3,272)	(851,058)	(854,330)
Non-current assets	–	135,802	135,802
Current assets	96,728	661,162	757,890
Non-current liabilities	–	(1,715,923)	(1,715,923)
Current liabilities	–	(608,317)	(608,317)
Net assets	96,728	(1,527,276)	(1,430,548)

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	Bitecoin Pte Ltd \$	PT MCP Indo Utama \$	Total \$
Group’s interest in net assets of investee at beginning of the year	20,000	–	20,000
Group’s share of:			
- loss for the year	(654)	–	(654)
Carrying amount of interest in investee at end of the year	<u>19,346</u>	<u>–</u>	<u>19,346</u>

As the share of accumulated losses as at 31 December 2019 amounting to \$500,752 from PT MCP Indo Utama exceeded the costs of investments by the Group, losses incurred in 2019 which amounted to \$205,461 was not recognised as the Group does not have further obligation to PT MCP Indo Utama in addition to what the Group has invested.

8 Cash and cash equivalents

	2017 \$	2018 \$	2019 \$
Cash at bank	8,407,546	1,416,874	11,443,254
Cash on hand	1,336	2,662	3,163
	<u>8,408,882</u>	<u>1,419,536</u>	<u>11,446,417</u>

The cash and cash equivalent balances as at 31 December 2019, 31 December 2018 and 31 December 2017 included security deposit cash balances, amounting to \$8,433,855, \$832,877 and \$189,553, respectively. Security deposit balances payable is included as part of trade and other payables (note 13).

9 Trade and other receivables

	2017 \$	2018 \$	2019 \$
Trade receivables	1,159,866	3,430,076	10,747,879
Contract assets	–	70,650	157,175
Unbilled receivables	86,071	–	–
Amount due from joint venture (trade)	545,215	513,771	–
Amount due from joint venture (non-trade)	220,244	253,403	–
Other receivables	13,503	564,642	1,028,801
Deposits	216,513	208,287	2,302,635
Less: Allowance for impairment	(1,477,353)	(2,089,843)	(2,615,065)
	<u>764,059</u>	<u>2,950,986</u>	<u>11,621,425</u>
Prepayments	2,392	23,521	7,832
	<u>766,451</u>	<u>2,974,507</u>	<u>11,629,257</u>
Non-current	179,155	267,333	14,529
Current	587,296	2,707,174	11,614,728
	<u>766,451</u>	<u>2,974,507</u>	<u>11,629,257</u>

The non-trade amounts due from subsidiaries are unsecured, interest free and repayable on demand.

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As at 31 December 2018, the non-trade amount due from joint venture is unsecured, interest free and repayable on demand, except for an amount of \$253,403 (2017: \$170,000) which has an interest rate of 6% per annum and is due for repayment three years from date of disbursement. The amount was fully repaid in 2019.

As at 31 December 2019, included in other receivables is an amount of \$1,007,300 (2018: \$525,000; 2017: \$Nil) due from third party, out of which \$525,000 bears interest at an interest rate of 6% per annum and was due for repayment on 31 December 2019. The amount was collateralised by the ordinary shares of the borrower. There was also an amount of \$482,300 due from a third party arising from the disposal of MC Payment (HK) Limited. Due to the uncertainty of collection of the outstanding receivable, the Group has recognised an allowance for impairment amounting to \$1,007,300.

10 Share capital

	2017		2018		2019	
	No. of shares	\$	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares, with no par value:						
At beginning of year	1,401,544	5,858,700	1,786,969	11,358,700	2,002,404	16,363,700
Issuance of shares	385,425	5,500,000	215,435	5,005,000	81,716	2,040,701
At end of year	<u>1,786,969</u>	<u>11,358,700</u>	<u>2,002,404</u>	<u>16,363,700</u>	<u>2,084,120</u>	<u>18,404,401</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

Capital reserve comprise equity component of convertible notes.

Currency translation reserve comprises all foreign currency differences arising from the translation of the consolidated financial statements of foreign operations.

11 Non-controlling interests

The following subsidiary has material non-controlling interests (“NCI”):

Name	Principal place of business/country of incorporation	Ownership interests held by NCI		
		2017	2018	2019
		%	%	%
MC Payment Pty Ltd	Australia	70	70	–
Genesis Payment Solutions Private Limited	Singapore	<u>10</u>	<u>10</u>	<u>10</u>

The following summarises the financial information of each of the Group’s subsidiaries with material NCI, based on their respective consolidated financial statements prepared in accordance with FRS.

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	MC Payment Pty Ltd \$	Genesis Payment Solutions Private Limited \$	Intra-group elimination \$	Total \$
2017				
Revenue	–	89,220		
Loss	(17,912)	(194,022)		
OCI	37,980	–		
Total comprehensive loss	<u>20,068</u>	<u>(194,022)</u>		
Attributable to NCI:				
- Loss	(12,539)	(19,402)	–	(31,941)
- OCI	26,586	–	–	26,586
Non-current assets	–	153,539		
Current assets	206	321,450		
Non-current liabilities	–	(23,968)		
Current liabilities	<u>(1,993,763)</u>	<u>(651,708)</u>		
Net assets	<u>(1,993,557)</u>	<u>(200,687)</u>		
Net assets attributable to NCI	<u>(1,395,490)</u>	<u>(20,068)</u>	–	<u>(1,415,558)</u>
Cash flows (used in)/from operating activities	(5,835)	374,077		
Cash flows used in investing activities	–	(175,351)		
Cash flows used in financing activities	–	<u>(36,925)</u>		
Net (decrease)/increase in cash and cash equivalents	<u>(5,835)</u>	<u>161,801</u>		

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	MC Payment Pty Ltd \$	Genesis Payment Solutions Private Limited \$	Intra-group elimination \$	Total \$
2018				
Revenue	–	319,962		
Loss	–	(128,747)		
OCI	82,547	–		
Total comprehensive loss	<u>82,547</u>	<u>(128,747)</u>		
Attributable to NCI:				
- Loss	–	(12,875)	–	(12,875)
- OCI	57,783	–	–	57,783
Non-current assets	–	176,193		
Current assets	197	520,235		
Non-current liabilities	–	–		
Current liabilities	(1,911,207)	(1,025,862)		
Net assets	<u>(1,911,010)</u>	<u>(329,434)</u>		
Net assets attributable to NCI	<u>(1,337,707)</u>	<u>(32,943)</u>	–	(1,370,650)
Cash flows from operating activities	–	57,025		
Cash flows used in investing activities	–	(111,689)		
Cash flows used in financing activities	–	(36,924)		
Net decrease in cash and cash equivalents	<u>–</u>	<u>(91,588)</u>		

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	MC Payment Pty Ltd \$	Genesis Payment Solutions Private Limited \$	Intra-group elimination \$	Total \$
2019				
Revenue	–	491,459		
Loss	–	88,620		
OCI	141,787	–		
Total comprehensive loss	<u>141,787</u>	<u>88,620</u>		
Attributable to NCI:				
- Loss	–	(8,862)	–	(8,862)
- OCI	99,251	–	–	99,251
Non-current assets	–	78,955		
Current assets	–	751,017		
Non-current liabilities	–	–		
Current liabilities	–	(1,248,027)		
Net assets	<u>–</u>	<u>(418,055)</u>		
Net assets attributable to NCI	<u>–</u>	<u>(41,806)</u>	–	<u>(41,806)</u>
Cash flows from operating activities	–	446,950		
Cash flows used in investing activities	–	–		
Cash flows used in financing activities	–	(24,583)		
Net increase in cash and cash equivalents	<u>–</u>	<u>422,367</u>		

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12 Convertible bonds

	2017 \$	2018 \$	2019 \$
Convertible bonds	11,371,437	6,271,477	4,125,583
Repayable:			
Not later than 1 year	11,371,437	5,060,589	185,490
Between 1 and 5 years	–	1,210,888	3,940,093
	<u>11,371,437</u>	<u>6,271,477</u>	<u>4,125,583</u>

The repayment schedule for convertible bonds is based on the final contractual maturity dates.

As at 31 December 2019, the effective interest rates for the convertible bonds was 14% (2018: 14%; 2017: 14%) per annum.

Details of the outstanding convertible bonds as at 31 December 2019 are as follows:

In January 2015, the Company issued 6% convertible bonds denominated in Singapore Dollars with a nominal value of \$500,000 (Series B). The bonds are due for repayment three years from date of issue at their nominal value of \$500,000 or conversion into shares of the Company at the holder’s option. During the year ended 31 December 2018, \$500,000 of the convertible bonds were converted into ordinary shares of the Company.

In November 2016, the Company issued 6% convertible bonds denominated in Singapore Dollars with a nominal value of \$5,000,000 (Series C). The bonds are due for repayment five years from date of issue at their nominal value of \$5,000,000 or conversion into shares of the Company at the holder’s option at a variable conversion price which affects the number of shares issued by the Company. This series of convertible bonds is a hybrid instrument whereby the embedded derivative is bifurcated from the host contract which is a financial liability. In February 2018, the Company fully settled the convertible bonds of \$5,000,000 prior to maturity date.

In December 2017, the Company issued 6% convertible bonds denominated in Singapore Dollars with a nominal value of \$8,000,000 (Series D1). The bonds are due for repayment one year from date of issue at their nominal value of \$8,000,000 or conversion into shares of the Company at the holder’s option. During the year ended 31 December 2018, \$4,250,000 of the convertible bonds were converted into ordinary shares of the Company. \$1,050,000 and \$1,500,000 of the convertible bonds were extended for 12 months and 30 months to December 2019 and June 2021, respectively. During the year ended 31 December 2019, \$200,000 of the convertible bonds were extended for 12 months to December 2020, \$1,850,000 was converted into ordinary shares of the Company in December 2019 and \$200,000 was fully redeemed.

In May and June 2018, the Company issued 6% convertible bonds denominated in Singapore Dollars with a total nominal value of \$3,000,000 (Series D2). The bonds are due for repayment one year from date of issue at their nominal value of \$3,000,000 or conversion into shares of the Company at the holder’s option. In May and June 2019, the bonds were extended to June 2021.

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Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans and borrowings \$	Convertible bonds \$	Finance lease liabilities \$	Total \$
Balance as at 1 January 2017	–	8,960,924	51,868	9,012,792
Changes from financing cash flows				
Repayment of loans and borrowings	(31,836)	–	–	(31,836)
Issue of convertible bonds	–	8,000,000	–	8,000,000
Repayment of hire purchase payables	–	–	(3,868)	(3,868)
Total changes from financing cash flows	(31,836)	8,000,000	(3,868)	7,964,296
Other changes				
Loans and borrowings from acquisition of subsidiary	89,857	–	–	89,857
Issuance of shares	–	(5,500,000)	–	(5,500,000)
Interest expense	–	505,632	–	505,632
Equity component of convertible bonds	–	(595,119)	–	(595,119)
Written off of plant and equipment	–	–	(29,441)	(29,441)
Foreign exchange differences	–	–	(177)	(177)
Total other changes	89,857	(5,589,487)	(29,618)	(5,529,248)
Balance as at 31 December 2017	58,021	11,371,437	18,382	11,447,840
Balance as at 1 January 2018	58,021	11,371,437	18,382	11,447,840
Changes from financing cash flows				
Repayment of loans and borrowings	(34,053)	–	–	(34,053)
Drawdown of loan and borrowings	700,000	–	–	700,000
Issue of convertible bonds	–	3,000,000	–	3,000,000
Repayment of convertible bonds	–	(3,453,106)	–	(3,453,106)
Repayment of hire purchase payables	–	–	(4,328)	(4,328)
Total changes from financing cash flows	665,947	(453,106)	(4,328)	208,513
Other changes				
Issuance of shares	–	(4,750,000)	–	(4,750,000)
Interest expense	–	714,406	–	714,406
Equity component of convertible bonds	–	(611,260)	–	(611,260)
Foreign exchange differences	–	–	15	15
Total other changes	–	(4,646,854)	15	(4,646,839)
Balance as at 31 December 2018	723,968	6,271,477	14,069	7,009,514

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	Loans and borrowings \$	Convertible bond \$	Lease liabilities* \$ Restated	Total \$
Restated balance as at 1 January 2019	723,968	6,271,477	68,129	7,063,574
Changes from financing cash flows				
Repayment of loans and borrowings	(523,968)	–	–	(523,968)
Drawdown of loan and borrowings	200,000	–	–	200,000
Repayment of convertible bonds	–	(200,000)	–	(200,000)
Repayment of hire purchase payables	–	–	(4,583)	(4,583)
Repayment of lease liabilities	–	–	(37,683)	(37,683)
Total changes from financing cash flows	<u>(323,968)</u>	<u>(200,000)</u>	<u>(42,266)</u>	<u>(566,234)</u>
Other changes				
Issuance of shares	–	(1,850,000)	–	(1,850,000)
Interest expense	–	387,298	–	387,298
Equity component of convertible bonds	–	(483,192)	–	(483,192)
Total other changes	<u>–</u>	<u>(1,945,894)</u>	<u>–</u>	<u>(1,945,894)</u>
Balance as at 31 December 2019	<u>400,000</u>	<u>4,125,583</u>	<u>25,863</u>	<u>4,551,446</u>

* See Note 30

13 Trade and other payables

	2017 \$	2018 \$	2019 \$
Trade payables	910,381	2,963,268	20,939,441
Amount due to joint venture (non-trade)	35,442	35,442	–
Provision for settlement claims	800,000	–	–
Amount due to director	–	22,495	12,106
Accrued operating expenses	237,071	629,367	692,261
Deposit received from customers	99,199	195,685	102,164
Interest payables	539,686	496,541	665,026
Other payables	124,502	148,494	165,624
	<u>2,746,281</u>	<u>4,491,292</u>	<u>22,576,622</u>
Contract liabilities	–	13,435	14,235
Advance payments from customer	661	–	–
Deferred revenue	46,719	–	–
	<u>2,793,661</u>	<u>4,504,727</u>	<u>22,590,857</u>
Non-current	–	27,397	332,587
Current	<u>2,793,661</u>	<u>4,477,330</u>	<u>22,258,270</u>
	<u>2,793,661</u>	<u>4,504,727</u>	<u>22,590,857</u>

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The non-trade amounts due to director and joint venture are unsecured, interest free and repayable on demand.

As at 31 December 2019, security deposits amounting to \$8,433,855 (2018: \$832,877; 2017: \$189,553) were included in the trade payable balance. The security deposit withheld are repayable at the end of the retention period, which is approximately 6 months from the origination of the transaction.

14 Loans and borrowings

	2017	2018	2019
	\$	\$	\$
Secured bank loan	58,021	23,968	–
Loan from director	–	500,000	–
Loan from third parties	–	200,000	400,000
Lease liabilities (2018 and 2017: Finance lease liabilities)	18,382	14,069	25,863
	<u>76,403</u>	<u>738,037</u>	<u>425,863</u>
Non-current	38,085	509,521	4,658
Current	38,318	228,516	421,205
	<u>76,403</u>	<u>738,037</u>	<u>425,863</u>

On 27 September 2016, one of the Group’s subsidiaries, which was acquired in January 2017, obtained a secured bank loan which matured and was subsequently repaid on 26 August 2019. The secured bank loan has an interest rate of 6.75% per annum, is due 3 years from the facility letter date and is secured by a personal guarantee from a director of the subsidiary.

On 3 September 2018 and 10 October 2018, the Group obtained loans from a director and third party of \$500,000 and \$200,000, which are unsecured, have an interest rate of 10% and 12% and maturing on 3 September 2021 and 9 October 2019, respectively. The loan from a director has been fully repaid in 2019.

On 15 April 2019 and 17 May 2019, the Group obtained loans from a third party with principal amount of \$100,000 and \$100,000, respectively. The loans are unsecured, bears interest at 10% per annum and the principal amount is repayable within 5 monthly instalments from the third year onwards.

The interest rates for lease liabilities (2018: finance lease liabilities) are 3.57% to 6.25% (2018: 3.57%).

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Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments \$	Interest \$	Present value of minimum lease payments \$
2018			
Group			
Within one year	5,280	732	4,548
Between one to five years	10,098	577	9,521
	15,378	1,309	14,069
2017			
Group			
Within one year	5,298	1,033	4,265
Between one to five years	15,431	1,314	14,117
	20,729	2,347	18,382

15 Derivative financial instrument

	2017 \$	2018 \$	2019 \$
Derivative liability	–	–	–

Derivative financial instrument relates to the separable embedded derivative in the convertible bond (Note 12).

16 Revenue

Revenue represents invoiced value of goods sold less returns and discounts and services rendered.

	2017 \$	2018 \$	2019 \$
Transaction revenue	2,026,990	1,117,903	7,621,803
Sales of services	187,051	1,097,346	783,474
Licensing fee	539,200	–	–
Other revenue	244,854	332,429	250,531
	2,998,095	2,547,678	8,655,808
Timing of revenue recognition			
Performance obligations satisfied at a point in time	2,568,285	1,132,902	7,732,350
Performance obligations satisfied over time	429,810	1,414,776	923,458
	2,998,095	2,547,678	8,655,808

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Contract balances

The following table provides information about receivables, contract assets (2017: unbilled receivables) and contract liabilities (2017: advance payments from customers and deferred revenue) from contracts with customers.

	2017	2018	2019
	\$	\$	\$
Trade receivables	1,159,866	3,430,076	10,747,879
Contract assets (2017: unbilled receivables)	86,071	70,650	157,175
Contract liabilities (2017: advance payments from customers and deferred revenue)	(47,380)	(13,435)	(14,235)

The contract assets (2017: unbilled receivables) primarily relate to the Group’s rights to consideration for work completed but not billed at the reporting date for sales of services. The contract assets (2017: unbilled receivables) are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities (2017: advance payments from customers and deferred revenue) primarily relate to advance consideration received from customers for transaction revenue.

Significant changes in the contract assets (2017: unbilled receivables) and the contract liabilities (2017: advance payments from customers and deferred revenue) balances during the period are as follows.

	Contract assets			Contract liabilities		
	2017	2018	2019	2017	2018	2019
	\$	\$	\$	\$	\$	\$
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	–	(34,181)	(47,380)	(13,435)
Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	–	47,380	13,435	14,235
Work completed but not billed	15,421	–	86,525	–	–	–
Contract asset reclassified to trade receivables	(80,769)	(15,421)	–	–	–	–

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17 Other income

	2017	2018	2019
	\$	\$	\$
Government grant	40,450	78,212	13,000
Fair value gain on derivative financial instruments	1,760,395	–	–
Gain on disposal of subsidiaries	–	–	1,685,340
Gain on disposal of joint venture	–	–	353,080
Sundry income	32,150	23,022	53,372
	<u>1,832,995</u>	<u>101,234</u>	<u>2,104,792</u>

18 Administrative expenses

	2017	2018	2019
	\$	\$	\$
Employee compensation (see below)	2,091,543	2,202,356	1,906,304
Professional services fees	1,089,859	454,021	215,534
Occupancy costs	281,625	289,008	53,555
Other administrative expenses	376,958	917,042	457,921
	<u>3,839,985</u>	<u>3,862,427</u>	<u>2,633,314</u>
Employee compensation [^] :			
Salaries, bonus and other staff costs	1,919,782	2,031,854	1,751,319
Employer’s contribution to Central Provident Fund	171,761	170,502	154,985
	<u>2,091,543</u>	<u>2,202,356</u>	<u>1,906,304</u>

[^] Includes key management compensation as disclosed in Note 24.

19 Other operating expenses

	2017	2018	2019
	\$	\$	\$
Impairment loss on intangible assets	120,292	37,272	–
Impairment loss on goodwill	–	–	170,999
Loss on disposal of subsidiaries	–	49,322	–
Amortisation of intangible assets	437,047	543,661	460,962
Write off of trade receivables	20,112	19,498	85,949
Amounts owing from disposed subsidiaries written off	–	–	2,887,009
Depreciation of property, plant and equipment	254,369	263,727	257,219
Travelling and accommodation expenses	58,604	29,024	32,350
	<u>890,424</u>	<u>942,504</u>	<u>3,894,488</u>

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20 Finance income and costs

	2017 \$	2018 \$	2019 \$
Finance income			
Interest income arising from financial assets measured at amortised cost	–	245	39,960
Foreign exchange gain, net	–	–	213,754
	–	245	253,714
Finance costs			
Interest expense on convertible debts	1,016,939	1,269,683	750,256
Loss on early settlement of convertible bond	–	2,692,417	–
Interest expense on hire purchase payable	1,300	1,049	734
Interest expense on bank loans	5,140	2,871	615
Interest expense on loans from director and third party	–	26,000	65,644
Interest expense on lease liabilities	–	–	2,123
Foreign exchange loss, net	43,838	92,042	–
	1,067,217	4,084,062	819,372

21 Income tax (credit)/expense

	2017 \$	2018 \$	2019 \$
Current tax (credit)/expense			
Under provision in prior year	1,379	430	–
Withholding tax	–	–	21,066
Over provision in prior year	(4,572)	–	–
Total income tax (credit)/expense	(3,193)	430	21,066
Reconciliation of effective tax rate			
Loss before tax	(4,140,617)	(8,352,484)	(1,544,096)
Add: Share of loss of joint venture and associate	191,025	207,255	654
Loss before share of results of joint venture and associate and tax	(3,949,592)	(8,145,229)	(1,543,442)
Tax calculated using Singapore tax rate of 17% (2018: 17%; 2017: 17%)	(671,431)	(1,384,689)	(262,385)
Effect of tax rates in foreign jurisdictions	(22,053)	(22,883)	(14,168)
Income not subject to tax	(299,266)	(3)	–
Non deductible expenses	408,412	536,823	519,791
Unutilised tax losses not recognised	537,010	867,484	109,575
Utilisation of deferred tax assets previously not recognised	–	–	(357,836)
Under provision in prior year	1,379	430	–
Withholding tax	(4,572)	–	21,066
Change in unrecognised temporary differences	47,328	3,268	5,023
	(3,193)	430	21,066

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Deferred tax assets have not been recognised in respect of unutilised tax losses amounting to \$8,583,476 (2018: \$10,111,886; 2017: \$8,230,473) and unutilised capital allowances amount to \$212,704 (2018: \$191,772; 2017: 183,391) because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective country in which the subsidiaries operate. These unutilised tax losses and unutilised capital allowances do not expire under current tax legislation except for an amount of \$1,119,509 (2018: \$735,624; 2017: \$Nil) that can be carried forward for maximum of five to seven years, from the year the tax losses arose.

22 Share-based payments

On 4 July 2016, the Group established the MCP Employee Share Option Plan (the Plan) that provides an opportunity for selected executives to participate in the equity of the Company so as to motivate them to higher standards of performance. The Plan will continue to be in effect until terminated by shareholders by way of a resolution or otherwise.

The option period for each grant is 3 years and are exercisable within the option period if and when shareholders decide to:

- Seek a public listing of the shares of the Company on a securities or stock exchange; or
- Sell or dispose of the Company; or
- Wind up the Company

On 26 December 2017, the Company and employees (the Parties) entered into a Deed of Termination and Cancellation (the Deed). The Parties agree that the Plan and options granted, shall be terminated and cancelled in their entirety, and shall be null and void, and the obligations of the Parties thereunder shall cease and be of no further force and effect, with effect from 26 December 2017, without the need for any further action on the part of any of the Parties. No employee share based payment expense is recognised for the year ended 31 December 2017.

Options (equity-settled)

The fair value of each stock option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2017
Expected terms (in years) ⁽¹⁾	–
Risk-free rate of return ⁽²⁾	–
Expected volatility ⁽³⁾	–
Expected dividend yield ⁽⁴⁾	–

⁽¹⁾ Based on the Company’s estimation that one of the events for exercising the options will occur within the stipulated time frame from date of grant of the option.

⁽²⁾ Based on the Singapore Government Securities rate over the expected term of the options.

⁽³⁾ Based on the average historical volatility of a group of companies comparable to the Company.

⁽⁴⁾ The Company has no historically distributed dividends to its shareholders.

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The following table summarises the Company’s stock options activities for the year ended 31 December:

	2017 Number of shares
Outstanding at beginning of the year	103,650
Granted	18,500
Forfeited/cancelled	(122,150)
Exercised	–
Outstanding at end of the year	–

The exercise price of the options is based on the average consolidated net asset value per share of the Company for the three calendar months immediately preceding the calendar month in which the options are exercised.

23 Leases

Leases as lessee (SFRS(I) 16)

The Group leases office properties. The leases typically run for a period of 1 year, with an option to renew the lease after that date. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group leases motor vehicles, which were classified as finance leases under SFRS(I) 1-17 for 2018 and FRS 17 for 2017.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 4).

	\$
2019	
Balance at 1 January	54,060
Depreciation charge for the year	(38,160)
Balance at 31 December	15,900

Amounts recognised in profit or loss

	\$
2019 – Leases under SFRS(I) 16	
Interest on lease liabilities	2,123
Expenses relating to short-term leases	53,555
	55,678
2018 – Operating leases under SFRS(I) 1-17	
Lease expense	289,008

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2017 – Operating leases under FRS 17	
Lease expense	281,625
Amounts recognised in statement of cash flows	2019
	\$
Total cash outflow for leases	42,266

Extension options

A property lease contains extension option exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group had assessed that it is reasonably certain to exercise the extension option.

24 Related party transactions

Key management compensation

The key management are the directors of the Group. The compensation is as follows:

	2017	2018	2019
	\$	\$	\$
Salaries and bonus	288,000	288,000	288,000
Employer’s contribution to Central Provident Fund	12,240	12,240	12,240
	300,240	300,240	300,240
Salary paid by subsidiaries	39,649	107,231	108,502
	339,889	407,471	408,742

Significant transactions with related parties:

	2017	2018	2019
	\$	\$	\$
Sales to joint venture	–	7,573	–
Loan to joint venture	186,968	243,032	–
Loan to joint venture converted into capital contributions	–	207,255	–
	–	207,255	–

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25 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from counterparties.

The Group’s major classes of financial assets are cash and cash equivalents and trade and other receivables. The Group does not require or hold collateral on account of its receivables except for an amount of other receivables as disclosed in Note 9. The maximum exposure to credit risk for each class of financial asset is the carrying amount of that class of financial asset as shown on the statement of financial position. The Group’s exposure to credit risk arises mainly through its trade and other receivables. Exposure to credit risk is monitored on an ongoing basis.

Trade receivables and contract assets

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from individual customers. Loss rates are based on actual credit loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

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A summary of the exposures to credit risk for trade receivables and contract assets (2017: unbilled receivables) were as follows:

	2018		2019	
	Not credit impaired \$	Credit impaired \$	Not credit impaired \$	Credit impaired \$
Not past due	2,210,732	–	9,191,783	35,686
Past due 1 to 30 days	18,121	876	4,627	2,238
Past due 31 to 60 days	14,417	61,978	6,699	7,459
Past due 61 to 90 days	4,236	2,649	1,977	1,622
More than 90 days	202,148	1,428,690	5,678	1,490,110
Contract assets	–	70,650	86,525	70,650
Total gross carrying amount	2,449,654	1,564,843	9,297,289	1,607,765
Loss allowance	–	(1,564,843)	–	(1,607,765)
	<u>2,449,654</u>	<u>–</u>	<u>9,297,289</u>	<u>–</u>

	2017 \$
Not past due	746,356
Past due 1 to 30 days	28,642
Past due 31 to 60 days	29,092
Past due 61 to 90 days	7,546
More than 90 days	893,445
Unbilled receivables	86,071
	<u>1,791,152</u>

Comparative information under FRS 39

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Group believes that the unimpaired amounts that are past due by more than 90 days as at 31 December 2017 are still collectible in full, based on historical payment behaviour and extensive analyses of customer credit risk. Based on historical default rates, the Group believes that no impairment allowance is necessary as these accounts mainly relates to customers that have a good payment record with the Group.

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Movements in allowance for impairment in respect of trade receivables

The movement in allowance for impairment in respect of trade receivables and contract assets (2017: unbilled receivables) during the year was as follows:

	Individual impairments \$
Group	
At 1 January 2017 per FRS 39	523,296
Impairment loss recognised	733,813
At 31 December 2017 per FRS 39	1,257,109
	Lifetime ECL \$
Group	
At 1 January 2018 per FRS 39	1,257,109
Impairment loss recognised	350,092
Allowance written off	(42,358)
At 31 December 2018 per SFRS(I) 9	1,564,843
Impairment loss recognised	87,597
Allowance written off	(44,675)
At 31 December 2019 per SFRS(I) 9	1,607,765

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the high credit ratings of the counterparties. The amount of allowance on cash and cash equivalents is negligible.

Other receivables

Impairment on other receivables has been measured on the 12-month expected credit loss basis; and the amount of the allowance is as follows:

	\$
Group	
At 1 January 2018	–
Impairment loss recognised	525,000
At 31 December 2018	525,000
Impairment loss recognised	482,300
At 31 December 2019	1,007,300

Non-trade amount due from joint venture and deposits

Impairment on non-trade amount due from joint venture and deposits have been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is negligible.

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The concentration of credit risk is by currency and is disclosed under the Currency risk section below.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group’s operations and to mitigate the effects of fluctuations in cash flows.

The table below analyses the maturity profile of the Company and Group’s financial liabilities.

	Carrying amount \$	Cash flows		
		Contractual cash flows \$	Within 1 year \$	Within 1 to 5 years \$
2017				
Trade and other payables*	2,746,281	3,595,891	3,595,891	–
Finance lease liabilities	18,382	20,729	5,298	15,431
Loans and borrowings	58,021	61,540	36,924	24,616
Convertible bonds	11,371,437	13,500,000	13,500,000	–
	<u>14,194,121</u>	<u>17,178,160</u>	<u>17,138,113</u>	<u>40,047</u>
2018				
Trade and other payables*	4,491,292	4,491,292	4,463,895	27,397
Finance lease liabilities	14,069	15,378	5,280	10,098
Loan and borrowings	723,968	902,616	242,616	660,000
Convertible bonds	6,271,477	7,107,458	5,389,855	1,717,603
	<u>11,500,806</u>	<u>12,516,744</u>	<u>10,101,646</u>	<u>2,415,098</u>
2019				
Trade and other payables*	22,576,622	22,576,622	22,244,035	332,587
Lease liabilities	25,863	26,646	21,846	4,800
Loan and borrowings	400,000	400,000	400,000	–
Convertible bonds	4,125,583	5,271,400	360,987	4,910,413
	<u>27,128,068</u>	<u>28,274,668</u>	<u>23,026,868</u>	<u>5,247,800</u>

* Trade and other payables exclude contract liabilities (2017: advance payments from customers and deferred revenue).

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Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

Currency risk

Currency risk arises from a change in foreign currency exchange rate, which is expected to have adverse effect on the Group in the current reporting period and in future years.

The Group’s main currency risk arises from foreign currency denominated sales and purchases, and operating expenses. This risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement. The currencies in which these transactions are primarily denominated in are the Singapore dollar (SGD), United States dollar (USD), Euro (EUR) and Japanese Yen (JPY).

	SGD \$	EUR \$	USD \$	JPY \$
2017				
Financial assets				
Cash and cash equivalents	–	–	506,314	–
Trade and other receivables^	–	–	116,451	–
	–	–	622,765	–
Financial liabilities				
Trade and other payables*	(1,843,680)	–	(26,390)	–
Net currency exposure	(1,843,680)	–	596,375	–
2018				
Financial assets				
Cash and cash equivalents	–	56,609	370,180	563,570
Trade and other receivables^	–	72,039	1,007,979	270,568
	–	128,648	1,378,159	834,138
Financial liabilities				
Trade and other payables*	(4,961,927)	(75,360)	(949,561)	(794,567)
Net currency exposure	(4,961,927)	53,288	428,598	39,571
2019				
Financial assets				
Cash and cash equivalents	–	2,300,814	5,069,722	1,971,408
Trade and other receivables^	–	3,603,067	6,480,902	501,961
	–	5,903,881	11,550,624	2,473,369
Financial liabilities				
Trade and other payables*	(2,301,169)	(8,331,856)	(8,847,529)	(1,942,377)
Net currency exposure	(2,301,169)	(2,427,975)	2,703,095	530,992

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^ Trade and other receivables exclude prepayments.

* Trade and other payables exclude contract liabilities (2017: advance payments from customers and deferred revenue).

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the Singapore dollar, as indicated below, against the EUR, USD and JPY at 31 December would have increased (decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Impact on net profit before tax Increase/(Decrease)		
	2017	2018	2019
	\$	\$	\$
EUR against SGD			
- 5% strengthening	–	(2,664)	121,399
- 5% weakening	–	2,664	(121,399)
USD against SGD			
- 5% strengthening	29,819	(21,430)	(135,155)
- 5% weakening	(29,819)	21,430	135,155
JPY against SGD			
- 5% strengthening	–	(1,979)	(26,550)
- 5% weakening	–	1,979	26,550

Interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	2017	2018	2019
	\$	\$	\$
Fixed rate instruments			
Convertible bonds	11,371,437	6,271,477	4,125,583
Loan and borrowings	58,021	723,968	400,000

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through profit or loss. Therefore a change in interest rate at the reporting date would not affect profit or loss.

Capital management

The Group’s objective when managing capital is to safeguard the Group’s ability to continue as a going concern and to maintain an efficient capital structure so as to enhance shareholders’ value.

The Group manages its capital structure and makes adjustments to it, in light of the changes in economic conditions. To maintain or achieve a prudent and efficient capital structure, the Group may adjust the amount of dividend payment or issue new shares.

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The capital structure of the Group consists primarily of equity, comprising issued share capital and reserves. The Group is not subject to any externally imposed capital requirements.

There were no changes in the Group’s approach to capital management during the year.

Accounting classifications

The classification of financial assets and liabilities are as follows:

	Loans and receivables	Other financial liabilities	Total carrying amount
	\$	\$	\$
2017			
Trade and other receivables [^]	764,059	–	764,059
Cash and cash equivalents	8,408,882	–	8,408,882
	<u>9,172,941</u>	<u>–</u>	<u>9,172,941</u>
Trade and other payables*	–	2,746,281	2,746,281
Finance lease liabilities	–	18,382	18,382
Loans and borrowings	–	58,021	58,021
Convertible bonds	–	11,371,437	11,371,437
	<u>–</u>	<u>14,194,121</u>	<u>14,194,121</u>
	Amortised cost	Other financial liabilities	Total carrying amount
	\$	\$	\$
2018			
Trade and other receivables [^]	2,950,986	–	2,950,986
Cash and cash equivalents	1,419,536	–	1,419,536
	<u>4,370,522</u>	<u>–</u>	<u>4,370,522</u>
Trade and other payables*	–	4,491,292	4,491,292
Loans and borrowings	–	738,037	738,037
Convertible bonds	–	6,271,477	6,271,477
	<u>–</u>	<u>11,500,806</u>	<u>11,500,806</u>
2019			
Trade and other receivables [^]	11,621,425	–	11,621,425
Cash and cash equivalents	11,446,417	–	11,446,417
	<u>23,067,842</u>	<u>–</u>	<u>23,067,842</u>
Trade and other payables*	–	22,576,622	22,576,622
Loans and borrowings	–	425,863	425,863
Convertible bonds	–	4,125,583	4,125,583
	<u>–</u>	<u>27,128,068</u>	<u>27,128,068</u>

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[^] Trade and other receivables exclude prepayments.

* Trade and other payables exclude contract liabilities (2017: advance payments from customers and deferred revenue).

Fair values

The table below shows reconciliation from the opening balances to the ending balances for Level 3 fair values:

	2017 \$
Derivative financial instruments	
At beginning of the year	1,760,395
Realised gain for the year	<u>(1,760,395)</u>
At end of the year	<u>–</u>

At initial recognition, the fair value of the derivative financial instrument was determined by taking the difference between the carrying amount of the hybrid instrument and the host contract. In November 2017, the Group had begun negotiations with its Series C convertible bond holders for settlement of the bonds. As at 31 December 2017, the fair value of the derivative financial instrument was deemed to be \$Nil as it was highly probable that the bond holders will settle at the nominal value of \$5,000,000.

Fair value sensitivity analysis

As at 31 December 2017, a change of 50 basis points in effective interest rates would have increased or decreased the derivative financial instruments by approximately \$Nil for the Group and the Company respectively.

Financial instruments not measured at fair value

As at 31 December 2018, the level 3 fair value of loans and borrowings of \$723,968 (2017: \$54,838) was measured using the discounted cash flows valuation technique. This valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

Other non-current liabilities

Fair value is estimated as the present value of future cash flows discounted at current interest rates for similar instruments at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and financial liabilities are discounted to determine their fair values.

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26 Acquisition of subsidiary

In January 2017, the Group acquired 90% interest in Genesis Payment Solutions Private Limited, an Alipay acquirer that offers mobile payment solutions for Alipay acceptance.

Pre-acquisition carrying amounts were determined based on applicable FRS immediately before the acquisition. The value of assets and liabilities were recognised on acquisition based on their fair value.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	2017 \$
Plant and equipment	11,576
Intangible assets	41,792
Cash and cash equivalents	285
Trade and other receivables	66,301
Inventories	1,544
Trade and other payables	(38,306)
Loan	(89,857)
Total identifiable net liabilities	(6,665)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2017 \$
Total consideration transferred	165,000
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(666)
Fair value of identifiable net assets	6,665
Goodwill	170,999

Net cash outflow on the acquisition of subsidiary

Net cash outflow on acquisition of subsidiary is provided below:

	2017 \$
Total consideration transferred	165,000
Cash of the acquired subsidiary	(285)
Net cash outflow	164,715

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27 Earnings per share

Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Loss attributable to ordinary shareholders

	2017 \$	Group 2018 \$	2019 \$
Loss for the year, attributable to ordinary shareholders	(4,105,483)	(8,340,039)	(1,556,300)

Weighted-average number of ordinary shares

	2017 \$	Group 2018 \$	2019 \$
Issued ordinary shares at 1 January	1,401,544	1,786,969	2,002,404
Effect of shares issued in 2017	170,393	–	–
Effect of shares issued in 2018	–	51,746	–
Effect of shares issued in 2019	–	–	28,806
Weighted-average number of ordinary shares during the year	1,571,937	1,838,715	2,031,210

Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Loss attributable to ordinary shareholders (diluted)

	2017 \$	Group 2018 \$	2019 \$
Loss attributable to ordinary shareholders	(4,105,483)	(8,340,039)	(1,556,300)
Interest expense on convertible notes, net of tax	1,016,939	1,269,683	750,256
Loss attributable to ordinary shareholders (diluted)	(3,088,544)	(7,070,356)	(806,044)

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Weighted-average number of ordinary shares (diluted)

	2017	Group 2018	2019
	\$	\$	\$
Weighted-average number of ordinary shares (basic)	1,571,937	1,838,715	2,031,210
Effect of conversion of convertible notes	521,234	419,475	257,042
Weighted-average number of ordinary shares (diluted) during the year	<u>2,093,171</u>	<u>2,258,190</u>	<u>2,288,252</u>

28 Operating segments

The Group has the following two distinct business segments, which are its reportable segments. These business segments offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group’s CEO (the chief operating decision maker) reviews internal management reports of each division at least quarterly. The following summary describes the operations in each of the Group’s reportable segments:

- *Merchant Payment Services.* Includes providing payment processing services through the Group’s unified platform and smart software, which can be (a) installed onto or integrated any smart devices (including mobile phones, tablets, and smart POS terminals) for merchants with physical stores or (b) integrated into websites and applications of online merchants.
- *Digital Commerce Enabling Solutions.* Includes providing ancillary services, such as the sale/lease of Smart POS terminals, provision of proprietary and licensed software as a service, and white-labelling of its proprietary or licenced software, and development of bespoke software for its merchants.

Other operations include investment holding. This segment does not meet any of the quantitative thresholds for determining reportable segments in 2019, 2018 or 2017.

There are varying levels of integration between the Merchant Payment Services and Digital Commerce Enabling Solutions reportable segments. This integration includes shared distribution services. Inter-segment pricing is determined on an arm’s length basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (loss) before tax, as included in the internal management reports that are reviewed by the Group’s CEO. Segment profit (loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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Information about reportable segments

Group	Merchant Payment Services			Digital Commerce Enabling Services			Others			Total		
	2017 \$	2018 \$	2019 \$	2017 \$	2018 \$	2019 \$	2017 \$	2018 \$	2019 \$	2017 \$	2018 \$	2019 \$
Revenue from external customers	2,271,844	1,450,332	7,872,334	726,251	1,097,346	783,474	–	–	–	2,998,095	2,547,678	8,655,808
Segment loss before tax	(3,350,596)	(5,831,556)	(190,535)	(598,441)	(1,736,975)	(21,561)	(555)	(576,698)	(1,331,346)	(3,949,592)	(8,145,229)	(1,543,442)
Interest income	–	199	39,040	–	46	920	–	–	–	–	245	39,960
Interest expense	(805,869)	(3,196,964)	(804,325)	(217,510)	(795,056)	(15,047)	–	–	–	(1,023,379)	(3,992,020)	(819,372)
Depreciation	(203,560)	(222,923)	(247,784)	(50,809)	(40,804)	(9,435)	–	–	–	(254,369)	(263,727)	(257,219)
Amortisation	(334,809)	(276,212)	(447,346)	(102,238)	(267,449)	(13,616)	–	–	–	(437,047)	(543,661)	(460,962)
Impairment loss on goodwill and intangible assets	(96,731)	(6,151)	(170,999)	(23,561)	(31,121)	–	–	–	–	(120,292)	(37,272)	(170,999)
Write off of trade receivables and amounts owing from disposed subsidiaries	(16,339)	(12,563)	(84,445)	(3,773)	(6,935)	(1,504)	–	–	–	(2,887,009)	(20,112)	(19,498)
Impairment loss on trade and other receivables	(752,101)	7,328	(11,775)	(201,956)	(121,757)	(73)	–	(525,000)	(482,300)	(954,057)	(639,429)	(494,148)
Share of results of joint venture and associate	(191,025)	(207,255)	(654)	–	–	–	–	–	–	(191,025)	(207,255)	(654)
Segment assets	9,679,027	4,979,177	23,817,933	2,566,557	1,767,045	827,821	46,432	45,724	45,515	12,292,016	6,791,946	24,691,269
Investments in associate and joint venture	–	20,000	19,346	–	–	–	–	–	–	–	20,000	19,346
Segment liabilities	11,231,862	8,964,016	26,299,272	3,009,639	2,548,557	841,114	–	1,668	1,917	14,241,501	11,514,241	27,142,303
Capital expenditure	988,900	121,950	48,957	234,227	1,662	852	–	–	–	1,223,127	123,612	49,809

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Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items to FRS/SFRS(I) measures

	2017	2018	2019
	\$	\$	\$
Revenues			
Total revenue for reportable segments	2,998,095	2,547,678	8,655,808
Consolidated revenue	2,998,095	2,547,678	8,655,808
Loss before tax			
Total profit or loss before tax for reportable segments	(3,949,037)	(7,568,531)	(212,096)
Profit or loss before tax for other segments	(555)	(576,698)	(1,331,346)
Share of results of joint venture and associate	(191,025)	(207,255)	(654)
Consolidated loss before tax	(4,140,617)	(8,352,484)	(1,544,096)
Assets			
Total assets for reportable segments	12,245,584	6,746,222	24,645,754
Assets for other segments	46,432	45,724	45,515
Investments in associate and joint venture	–	20,000	19,346
Consolidated total assets	12,292,016	6,811,946	24,710,615
Liabilities			
Total liabilities for reportable segments	14,241,501	11,512,573	27,140,386
Liabilities for other segments	–	1,668	1,917
Consolidated total liabilities	14,241,501	11,514,241	27,142,303

Geographical information

The Group’s business is managed in four principal geographical areas, namely, Singapore, Malaysia, Thailand and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2017	2018	2019
	\$	\$	\$
Revenue			
Singapore	2,773,529	1,929,376	7,970,255
Malaysia	120,112	526,477	682,911
Thailand	2,766	40,125	2,642
Hong Kong	101,688	51,700	–
Consolidated revenue	2,998,095	2,547,678	8,655,808

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	2017	2018	2019
	\$	\$	\$
Non-current assets⁽ⁱ⁾			
Singapore	3,053,043	2,362,381	1,605,434
Malaysia	14,636	6,698	427
Thailand	49,004	48,824	29,080
Hong Kong	–	–	–
	3,116,683	2,417,903	1,634,941

(i) Non-current assets exclude financial instruments (other than investments in associate and joint venture), deferred tax assets and employee benefit assets.

Major customer

During the financial year ended 31 December 2019, revenue from one customer of the Group’s Merchant Payment Services segment represents approximately \$1,061,000 (2018: \$307,000 and 2017: \$Nil) of the Group’s total revenues. During the financial year ended 31 December 2018, revenue from two customers of the Group’s Digital Commerce Enabling Solutions segment represents approximately \$368,000 and \$350,000 (2017: \$Nil and \$Nil) of the Group’s total revenues.

29 Subsequent events

Acquisitions

a) On 4 April 2018, the Company executed the conditional sale and purchase agreement (the “Agreement”) with the shareholders of iFashion Group Pte. Ltd. (iFashion) to acquire 100% of iFashion in 2 tranches through an exchange of equity interests for a consideration of 2 times the audited consolidated revenue of iFashion and its subsidiaries for the year ended 31 December 2017, capped at \$25,000,000. iFashion is a retail enabler, supporting several lifestyle and fashion brands.

On 23 April 2018 and 3 October 2018, the Company extended two loans amounting to \$500,000 and \$25,000 (the “Loans”) to iFashion at an interest rate of 6% per cent per annum. Interest shall accrue from day to day from the relevant drawdown dates to the date of repayment of the Loans in full.

The long stop date under the iFashion SPA was 31 December 2018 (the “iFashion Long Stop Date”). As the conditions precedent under the iFashion SPA were not satisfied as at the iFashion Long Stop Date and the iFashion Parties did not agree to an extension of the iFashion Long Stop Date, the iFashion Transaction has been terminated. The shares acquired under Tranche 1 are held by the Company as a continuing security for the payment and discharge of all liabilities arising from the Loans.

On 17 January 2020, the Company issued a Statutory Notice of Demand to iFashion to recover the loan and interest accrued. The Company entered into a settlement agreement with iFashion on a repayment plan whereby iFashion will repay the principal and outstanding accrued interest on a monthly basis to the Company. The repayment plan started in September 2020 and is expected to end by May 2022.

The accompanying notes form an integral part of these consolidated financial statements.

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Divestments

On 4 May 2020, Bitecoin Pte Ltd, a 20% associate of the Group was struck off.

Convertible bonds

In November 2020 and December 2020, the Company converted \$3.4 million and \$0.2 million of the convertible bonds that were issued in May and June 2018 (Series D2) and December 2017 (part of the Series D1) into 137,298 ordinary shares and 9,449 ordinary shares in the Company respectively.

Others

- a) The Company and Artivision had subsequently entered into (i) the Amended and Restated Sale and Purchase Agreement on 11 September 2019, wherein certain terms and conditions of which superseded the Sale and Purchase Agreement were revised, (ii) Supplemental Agreement on 31 January 2020, wherein the long-stop date for the fulfilment of conditions precedent under the Amended and Restated Sale and Purchase Agreement was extended for a further eight (8) months from 31 January 2020 to 30 September 2020, and (iii) Second Supplemental Agreement on 25 September 2020, wherein the long-stop date for the fulfilment of conditions precedent under the Amended and Amended and Restated Sale and Purchase Agreement was extended for a further three (3) months from 30 September 2020 to 31 December 2020 and (iv) the Third Supplemental Agreement on 30 December 2020 wherein the long-stop date for the fulfilment of conditions precedent under the Amended and Restated Sale and Purchase Agreement was extended for a further two (2) months from 31 December 2020 to 28 February 2021.
- b) In January 2020, the Payment Service Act 2019 (“PSA”) became effective and is applicable to all major payment institution that falls under its definition. The Company is regarded as major payment institution under the PSA and is required to apply a license under PSA. Under PSA, “relevant money” must be safeguarded by any of the methods stipulated in Section 23(2) of the PSA, namely, the provision of an undertaking or guarantee from a safeguarding institution for the quantum of the relevant money or the depositing of relevant money in a trust account to be opened with such institution. Management was of the view that the deposits from merchants do not fall within the ambit of “relevant money” under PSA, after obtaining a legal opinion dated 14 February 2020.
- c) On 30 June 2020, the controlling shareholder of Artivision has undertaken to (i) invest or procure up to \$4 million for the subscription of shares in the Company and (ii) to procure the full redemption of convertible bonds by certain convertible bonds holders.
- d) On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

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For the Group’s 31 December 2019 consolidated financial statements, the Covid-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Group cannot reasonably estimate the impact these events will have on the Group’s financial position, results of operations or cash flows in the future.

The Group is monitoring developments relating to Covid-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

- e) In October 2020, the Group completed its Thailand restructuring exercise, whereby the non-controlling shareholder of MC Payment (Thailand) Co., Ltd. (“MCP Thailand”) redeemed his shares pledged to the Company by paying down the loan extended to him by the Company and disposed his shares to a new shareholder, MCP Holding (Thailand) Co. Ltd. (“MCP Holding”), which is a subsidiary of the Group. As part of the restructuring exercise, the Company had agreed to reduce the loan repayment amount from THB11,222,500 to THB10,100,500. Following the restructuring exercise, the Group has an effective 73.98% interest in MCP Thailand.

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30 Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the years ended 31 December 2018 and 31 December 2019 and the comparative information presented in these financial statements for the year ended 31 December 2017, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations and the transition from SFRS to SFRS(I) do not have material effect on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below, and the information presented for 2017 has been restated.

The accompanying notes form an integral part of these consolidated financial statements.

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The Group has applied the following practical expedient as allowed under SFRS(I) 1.

- Completed contracts that began and ended in the same annual reporting period in 2017 are not restated.

There was no impact on the adoption of SFRS(I) 15 except for the presentation, including the corresponding tax effects, are described below.

Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Group has also changed the presentation of the following amounts:

- a) ‘Unbilled receivables’ classified as ‘Trade and other receivables’ were reclassified to ‘Contract assets’.
- b) ‘Advance payments from customer’ and ‘Deferred revenue’ classified as ‘Trade and other payables’ were reclassified to ‘Contract liabilities’.

SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new ‘expected credit loss’ (“ECL”) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
 - The determination of the business model within which a financial asset is held; and
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

The accompanying notes form an integral part of these consolidated financial statements.

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(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instruments as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 3.3.

The adoption of SFRS(I) 9 did not have any impact on the Group’s accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group’s financial assets as at 1 January 2018.

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018	
				Original carrying amount under FRS 39 \$	New carrying amount under SFRS(I) 9 \$
Group					
Financial assets					
Trade and other receivables [^]	(a)	Loans and receivables	Amortised cost	764,059	764,059
Cash and cash equivalents	(a)	Loans and receivables	Amortised cost	8,408,882	8,408,882
Total financial assets				9,172,941	9,172,941
Company					
Financial assets					
Trade and other receivables [^]	(a)	Loans and receivables	Amortised cost	2,974,147	2,974,147
Cash and cash equivalents	(a)	Loans and receivables	Amortised cost	8,002,647	8,002,647
Total financial assets				10,976,794	10,976,794

[^] Trade and other receivables exclude prepayments.

(a) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost.

The accompanying notes form an integral part of these consolidated financial statements.

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(ii) Impairment of financial assets

SFRS(I) 9 replaces the ‘incurred loss’ model in FRS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments.

As a result of the adoption of SFRS(I) 9, the Group presented impairment loss on trade and other receivables separately in the consolidated statement of profit or loss and other comprehensive income. As a result, the Group reclassified impairment loss amounting to \$954,058, recognised under FRS 39, from ‘other operating expenses’ to ‘impairment loss on trade and other receivables’ in the consolidated statement profit or loss and other comprehensive income for the year ended 31 December 2017.

SFRS(I) 16

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases office properties and motor vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of office properties, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

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Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities’ incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under SFRS(I) 1-17

The Group leases motor vehicles. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

Impact on financial statements

*Impact on transition**

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019 \$’000
Right-of-use assets – property, plant and equipment	54,060
Lease liabilities	<u>(54,060)</u>

* For the impact of SFRS(I) 16 on profit or loss for the period, see Note 23. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see Note 3.11.

The accompanying notes form an integral part of these consolidated financial statements.

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When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The weighted-average rate applied is 6.25%.

	1 January 2019 \$
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group’s consolidated financial statements	30,019
Discounted using the incremental borrowing rate at 1 January 2019	<u>29,798</u>
Finance lease liabilities recognised as at 31 December 2018	14,069
- Recognition exemption for leases with less than 12 months of lease term at transition	(13,072)
- Extension option recognised at 1 January 2019	<u>37,334</u>
Lease liabilities recognised at 1 January 2019	<u><u>68,129</u></u>

The accompanying notes form an integral part of these consolidated financial statements.

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**Mobile Credit Payment Pte. Ltd.
and its Subsidiaries
Registration Number: 200508714E**

Condensed Consolidated Interim Financial Statements
Six-month period ended 30 June 2020

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT AND THE
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Independent auditors’ report on review of condensed consolidated interim financial statements for the six-month period ended on 30 June 2020

The Board of Directors
Mobile Credit Payment Pte. Ltd.

Introduction

We have reviewed the condensed consolidated interim statement of financial position of Mobile Credit Payment Pte. Ltd. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2020 and the related condensed consolidated interim statement of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and certain explanatory notes (the “condensed consolidated interim financial statements”). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with SFRS(I) 1-34 *Interim Financial Reporting*.

Other Matter

The financial information for the six months ended 30 June 2019 was not reviewed.

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Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the condensed consolidated interim financial statements for the purpose of inclusion in the circular to shareholders of Artivision Technologies Limited to be issued in relation to the proposed transaction as described in Note 1 to the condensed consolidated interim financial information and for no other purposes. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
31 December 2020

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT AND THE
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Condensed consolidated interim statement of financial position

		Group	
	Note	30/6/2020	31/12/2019
		\$	\$
Assets			
Property, plant and equipment	3	125,984	167,438
Intangible assets and goodwill	4	1,188,163	1,448,157
Investment in associate	5	–	19,346
Trade and other receivables	6	14,341	14,529
Non-current assets		1,328,488	1,649,470
Cash and cash equivalents	7	12,140,584	11,446,417
Trade and other receivables	6	9,378,648	11,614,728
Current assets		21,519,232	23,061,145
Total assets		22,847,720	24,710,615
Equity			
Share capital	8	18,404,401	18,404,401
Capital reserve		2,896,488	2,896,488
Currency translation reserve		(32,142)	(66,015)
Accumulated losses		(22,950,747)	(23,624,756)
Equity attributable to equity holders of the Company		(1,682,000)	(2,389,882)
Non-controlling interests		(51,315)	(41,806)
Total equity		(1,733,315)	(2,431,688)
Liabilities			
Trade and other payables	10	–	332,587
Loans and borrowings	11	2,121	4,658
Convertible bonds	9	–	3,940,093
Non-current liabilities		2,121	4,277,338
Trade and other payables	10	20,245,636	22,258,270
Loans and borrowings	11	35,859	421,205
Convertible bonds	9	4,297,419	185,490
Current liabilities		24,578,914	22,864,965
Total liabilities		24,581,035	27,142,303
Total equity and liabilities		22,847,720	24,710,615

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

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**Condensed consolidated statement of profit or loss and other comprehensive income
For the six-month period ended 30 June 2020**

	Note	Six-month period ended 30/6/2020 \$	Six-month period ended 30/6/2019 \$
Revenue	12	6,012,422	2,649,829
Cost of sales		<u>(3,489,072)</u>	<u>(1,408,951)</u>
Gross profit		2,523,350	1,240,878
Other income	13	119,239	1,188,746
Finance income	16	74,975	31,927
Administrative expenses	14	(1,318,611)	(1,228,874)
Reversal / (allowance) of impairment losses on trade and other receivables, net		9,281	(495,785)
Other operating expenses	15	(342,013)	(1,586,717)
Share of loss of associate (net of tax)		–	(327)
Finance costs	16	<u>(401,721)</u>	<u>(472,989)</u>
Profit/(Loss) before tax		664,500	(1,323,141)
Income tax expense		–	–
Profit/(Loss) for the period		<u>664,500</u>	<u>(1,323,141)</u>
Profit/(Loss) attributable to:			
Equity holders of the Company		674,009	(1,318,648)
Non-controlling interests		<u>(9,509)</u>	<u>(4,493)</u>
Profit/(Loss) for the period		<u>664,500</u>	<u>(1,323,141)</u>
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit of loss:</i>			
Foreign currency translation differences relating to financial statements of foreign subsidiaries and joint venture		33,873	56,965
Total comprehensive income/(loss) for the period		<u>698,373</u>	<u>(1,266,176)</u>
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		707,882	(1,323,681)
Non-controlling interests		<u>(9,509)</u>	<u>57,505</u>
Total comprehensive income/(loss) for the period		<u>698,373</u>	<u>(1,266,176)</u>
Earnings per share			
Basic earnings per share (dollars)	20	<u>0.32</u>	<u>(0.66)</u>
Diluted earnings per share (dollars)	20	<u>0.42</u>	<u>(0.40)</u>

The accompanying notes form an integral part of these condensed consolidated interim
financial statements.

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**Condensed consolidated statement of changes in equity
For the six-month period ended 30 June 2020**

Group	Share capital \$	Attributable to owners of the Company			Total \$	Non- controlling interests \$	Total equity \$
		Currency translation reserve \$	Capital reserve \$	Accumulated losses \$			
At 1 January 2020	18,404,401	(66,015)	2,896,488	(23,624,756)	(2,389,882)	(41,806)	(2,431,688)
Total comprehensive income for the period							
Profit for the period	–	–	–	674,009	674,009	(9,509)	664,500
Other comprehensive income							
Foreign currency translation differences	–	33,873	–	–	33,873	–	33,873
Total other comprehensive income	–	33,873	–	–	33,873	–	33,873
Total comprehensive income for the period	–	33,873	–	674,009	707,882	(9,509)	698,373
At 30 June 2020	18,404,401	(32,142)	2,896,488	(22,950,747)	(1,682,000)	(51,315)	(1,733,315)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

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**Condensed consolidated statement of changes in equity (cont’d)
For the six-month period ended 30 June 2019**

Group	Attributable to owners of the Company				Total \$	Non- controlling interests \$	Total equity \$
	Share capital \$	Currency translation reserve \$	Capital reserve \$	Accumulated losses \$			
At 1 January 2019	16,363,700	(40,185)	2,413,296	(22,068,456)	(3,331,645)	(1,370,650)	(4,702,295)
Total comprehensive income for the period							
Loss for the period	–	–	–	(1,318,648)	(1,318,648)	(4,493)	(1,323,141)
Other comprehensive income							
Foreign currency translation differences	–	(5,033)	–	–	(5,033)	61,998	56,965
Total other comprehensive income	–	(5,033)	–	–	(5,033)	61,998	56,965
Total comprehensive loss for the period	–	(5,033)	–	(1,318,648)	(1,323,681)	57,505	(1,266,176)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares related to conversion of convertible bonds	1,089,096	–	–	–	1,089,096	–	1,089,096
Equity component of convertible bonds	–	–	467,505	–	467,505	–	467,505
Total transactions with owners	1,089,096	–	467,505	–	1,556,601	–	1,556,601
At 30 June 2019	17,452,796	(45,218)	2,880,801	(23,387,104)	(3,098,725)	(1,313,145)	(4,411,870)

The accompanying notes form an integral part of these condensed consolidated interim
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**Condensed consolidated statement of cash flows
For the six-month period ended 30 June 2020**

	Note	Six-month period ended 30/6/2020 \$	Six-month period ended 30/6/2019 \$
Cash flows from operating activities			
Profit/(Loss) before tax for the period		664,500	(1,323,141)
Adjustments for:			
Amortisation of intangible assets		259,994	241,278
Bad debt written off		–	1,032,816
Depreciation of property, plant and equipment		78,860	132,969
Impairment loss on goodwill		–	170,999
Interest income		(74,975)	(31,927)
Interest expense		321,018	422,558
(Reversal)/allowance of impairment losses on trade and other receivables, net		(9,281)	495,785
Share of results of joint venture and associate		–	327
Gain on disposal of subsidiaries		–	(1,154,570)
Unrealised foreign exchange (gain)/loss		(294,444)	28,448
		945,672	15,542
Changes in working capital:			
Trade and other receivables		2,264,895	(3,581,627)
Trade and other payables		(2,432,215)	7,402,803
Cash generated from operations		778,352	3,836,718
Income tax paid		–	–
Interest income		74,975	31,927
Interest paid		(61,903)	(11,488)
Net cash generated from operating activities		791,424	3,857,157
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(4,116)	(1,960)
Disposal of subsidiaries, net of cash disposed		–	(57,121)
Net cash used in investing activities		(4,116)	(59,081)
Cash flows from financing activities			
Drawdown of loans and borrowings		–	200,000
Repayment of lease liabilities		(22,088)	(22,019)
Repayment of loans and borrowings		(400,000)	(17,907)
Repayment of convertible bonds		–	(50,000)
Net cash (used in)/generated from financing activities		(422,088)	110,074
Net increase in cash and cash equivalents		365,220	3,908,150
Effect of exchange rate fluctuations on cash held		328,947	27,703
Cash and cash equivalents at beginning of financial period		11,446,417	1,419,536
Cash and cash equivalents at end of financial period	7	12,140,584	5,355,389

Significant non-cash transactions

During the period ended 30 June 2019, the Company issued 43,611 ordinary shares for the conversion of convertible bonds amounting to \$1,089,096 for Nil consideration.

The accompanying notes form an integral part of these condensed consolidated interim
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Notes to the unaudited condensed consolidated interim financial statements

These notes form an integral part of the condensed consolidated interim financial statements.

1 Reporting entity

1.1 Introduction

The condensed consolidated interim financial statements of Mobile Credit Payment Pte Ltd. (the “Company”) and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) have been prepared solely for inclusion in the Circular to be issued in connection with the proposed acquisition of the Group by way of allotment and issuance of new shares of Artivision Technologies Ltd. (the “Proposed Transaction”).

1.2 The Company

Mobile Credit Payment Pte. Ltd. is a company incorporated in Singapore. The address of the Company’s registered office is 10 Ubi Crescent, Ubi Techpark #05-05 Singapore 408564.

The condensed consolidated interim financial statements of the Group as at and for the period ended 30 June 2020 comprise the Company and its subsidiaries and the Group’s interest in equity-accounted investees.

The principal activities of the Company are to carry on payment technology solution licensing, development and related hardware sales and, or rental, and, electronic payment processing as aggregator and master merchant.

On 27 April 2018, the Company entered into a conditional Sale and Purchase Agreement with Artivision Technologies Limited (“Artivision”) in relation to the proposed acquisition by Artivision of all the ordinary shares and convertible bonds issued by the Company. The Company and Artivision had subsequently entered into (i) the Amended and Restated Sale and Purchase Agreement on 11 September 2019, which superseded the Sale and Purchase Agreement, (ii) Supplemental Agreement on 31 January 2020, wherein the long-stop date for the fulfilment of conditions precedent under the Amended and Restated Sale and Purchase Agreement was extended for a further eight (8) months from 31 January 2020 to 30 September 2020, (iii) Second Supplemental Agreement on 25 September 2020, wherein the long-stop date for the fulfilment of conditions precedent under the Amended and Amended and Restated Sale and Purchase Agreement was extended for a further three (3) months from 30 September 2020 to 31 December 2020 and (iv) the Third Supplemental Agreement on 30 December 2020 wherein the long-stop date for the fulfilment of conditions precedent under the Amended and Restated Sale and Purchase Agreement was extended for a further two (2) months from 31 December 2020 to 28 February 2021.

2 Basis of preparation

2.1 Going concern

The Group recorded a net profit of \$664,500 (31 December 2019: net loss of \$1,565,162) during the 6 months period ended 30 June 2020 and as of that date, the Group had net liabilities of \$1,733,315 (31 December 2019: \$2,431,688).

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The directors have reviewed the current performance and cash flow projections of the Group as part of their assessment of the Group’s ability to continue as a going concern, and after carefully considering the matters described below, the directors are of the view that the Group is able to continue as a going concern for at least the next twelve months from the date of the condensed consolidated interim financial statements and to meet its obligations, as and when they fall due, having regard to the following:

- (i) the Group expects to continue to improve its cashflow position and generate positive operating cash flows for the next twelve months as a result of changes to its business model which will result in improvement to the revenue and collections;
- (ii) as at 30 November 2020, the Group had cash balances of \$4.5 million for the settlement of liabilities as and when they fall due;
- (iii) on 31 October 2019, the controlling shareholder of Artivision Technologies Ltd. (“Artivision”), extended a committed loan facility of up to \$800,000 to the Group which expires on 31 December 2021. Under the facility, the Group is able to draw down amounts in tranches of \$100,000 at an interest rate of 10% per annum from the date of disbursement;
- (iv) on 20 December 2019, the Group obtained a \$2.0 million committed secured overdraft facility from a local bank; and
- (v) on 30 June 2020, the controlling shareholder of Artivision Technologies Ltd. has also undertaken to (i) invest or procure up to \$4 million for the subscription of shares in the Company or (ii) to procure the full conversion of convertible bonds by certain convertible bonds holders.

Therefore, the directors have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties relating to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern.

2.2 Basis of accounting

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*, and should be read in conjunction with the last annual audited consolidated financial statements of the Group as at and for the years ended 31 December 2019, 2018 and 2017, which is included in the Appendix B of the Circular (“last issued audited consolidated financial statements”). The unaudited condensed consolidated interim financial statements do not include all of the information required for a complete set of SFRS(I) financial statements. However, selected explanatory notes are included to explain the events and transactions that are significant to understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements are presented in Singapore dollars, which is the Company’s functional currency.

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 31 December 2020.

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2.3 Use of estimates and judgements

In preparing the condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

There are no significant judgements made in the preparation of these condensed consolidated interim financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of intangible assets and goodwill;
- Note 19 – measurement of ECL allowance for trade and other receivables.

Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group’s Chief Financial Officer has overall responsibility for all significant fair value measurements, including Level 3 fair value.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

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3 Property, plant and equipment

Group	Computer software and equipment \$	Office equipment, furniture and fittings and renovation \$	Payment terminals \$	Motor vehicles \$	Office property leased for own use \$	Total \$
Cost						
At 1 January 2019	725,876	156,266	871,308	35,683	–	1,789,133
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	–	–	–	54,060	54,060
Adjusted balance at 1 January 2019	725,876	156,266	871,308	35,683	54,060	1,843,193
Additions	3,009	–	–	–	–	3,009
Disposal of subsidiary	(3,446)	(2,436)	–	–	–	(5,882)
Effect of movements in exchange rates	923	3,707	–	(130)	–	4,500
At 31 December 2019	726,362	157,537	871,308	35,553	54,060	1,844,820
At 1 January 2020	726,362	157,537	871,308	35,553	54,060	1,844,820
Additions	4,116	–	–	–	33,921	38,037
Effect of movements in exchange rates	(279)	(904)	–	(191)	–	(1,374)
At 30 June 2020	730,199	156,633	871,308	35,362	87,981	1,881,483
Accumulated depreciation						
At 1 January 2019	663,539	87,887	643,386	29,736	–	1,424,548
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	–	–	–	–	–
Adjusted balance at 1 January 2019	663,539	87,887	643,386	29,736	–	1,424,548
Depreciation charge	25,175	39,119	148,803	5,962	38,160	257,219
Disposal of subsidiary	(3,446)	(2,436)	–	–	–	(5,882)
Effect of movement in exchange rates	499	1,141	4	(147)	–	1,497
At 31 December 2019	685,767	125,711	792,193	35,551	38,160	1,677,382
At 1 January 2020	685,767	125,711	792,193	35,551	38,160	1,677,382
Depreciation charge	6,684	10,675	42,774	–	18,727	78,860
Effect of movement in exchange rates	(177)	(375)	–	(191)	–	(743)
At 30 June 2020	692,274	136,011	834,967	35,360	56,887	1,755,499

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Group	Computer software and equipment \$	Office equipment, furniture and fittings and renovation \$	Payment terminals \$	Motor vehicles \$	Office property leased for own use \$	Total \$
Carrying amounts						
At 1 January 2019	62,337	68,379	227,922	5,947	–	364,585
At 31 December 2019	40,595	31,826	79,115	2	15,900	167,438
At 30 June 2020	37,925	20,622	36,341	2	31,094	125,984

4 Intangible assets and goodwill

Group	Goodwill \$	Patent and trademark \$	Software \$	License \$	Total \$
Cost					
At 1 January 2019	541,157	103,100	4,194,145	1,473,011	6,311,413
Additions	–	–	46,800	–	46,800
Disposal of subsidiary	–	–	–	(1,473,011)	(1,473,011)
At 31 December 2019 and 30 June 2020	541,157	103,100	4,240,945	–	4,885,202
Accumulated amortisation and impairment losses					
At 1 January 2019	370,158	50,900	2,384,026	1,473,011	4,278,095
Amortisation charge for the year	–	10,310	450,652	–	460,962
Impairment losses	170,999	–	–	–	170,999
Disposal of subsidiary	–	–	–	(1,473,011)	(1,473,011)
At 31 December 2019	541,157	61,210	2,834,678	–	3,437,045
Amortisation charge for the period	–	5,154	254,840	–	259,994
At 30 June 2020	541,157	66,364	3,089,518	–	3,697,039
Carrying amounts					
At 1 January 2019	170,999	52,200	1,810,119	–	2,033,318
At 31 December 2019	–	41,890	1,406,267	–	1,448,157
At 30 June 2020	–	36,736	1,151,427	–	1,188,163

The software costs include capitalisation of direct labour costs for the software development.

5 Investment in associate

Group	30/6/2020 \$	31/12/2019 \$
Interest in associate	–	19,346

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Details of the associates are as follow:

Name of associates	Principal activities	Country of incorporation	Percentage of equity held		Cost of investment	
			30/6/2020 %	31/12/2019 %	30/6/2020 \$	31/12/2019 \$
Bitecoin Pte Ltd*	Blockchain technology for business application	Singapore	–	20	–	20,000
PT MCP Indo Utama	Provision of mobile payment technology & development	Indonesia	24	24	408,073	408,073

* On 4 May 2020, Bitecoin Pte Ltd was struck off.

As the share of accumulated losses amounting to \$624,372 (31 December 2019: \$500,752) from PT MCP Indo Utama exceeded the costs of investments by the Group, losses incurred during the 6 months ended 30 June 2020 which amounted to \$123,621 (12 months ended 31 December 2019: \$205,461) was not recognised as the Group does not have further obligation to PT MCP Indo Utama in addition to what the Group has invested.

6 Trade and other receivables

	30/6/2020 \$	31/12/2019 \$
Trade receivables	8,466,607	10,747,879
Contract assets	70,650	157,175
Other receivables	1,063,007	1,028,801
Deposits	2,389,101	2,302,635
Less: Allowance for impairment	(2,605,784)	(2,615,065)
	<u>9,383,581</u>	<u>11,621,425</u>
Prepayments	9,408	7,832
	<u>9,392,989</u>	<u>11,629,257</u>
Non-current	14,341	14,529
Current	<u>9,378,648</u>	<u>11,614,728</u>
	<u>9,392,989</u>	<u>11,629,257</u>

As at 30 June 2020, deposits consist of fixed deposits amounting to \$2,356,030 (31 December 2019: \$2,274,770) which was pledged as security to a bank to secure an overdraft facility.

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7 Cash and cash equivalents

	30/6/2020	31/12/2019
	\$	\$
Cash at bank	12,137,298	11,443,254
Cash on hand	3,286	3,163
	<u>12,140,584</u>	<u>11,446,417</u>

The cash and cash equivalent balances as at 30 June 2020 and 31 December 2019 included security deposit cash balances, amounting to \$10,683,604 and \$8,433,855 respectively. Security deposit balances payable were included as part of trade and other payables (note 10).

8 Share capital

There were no changes in share capital of the Group during the six-month period ended 30 June 2020.

9 Convertible bonds

	30/6/2020	31/12/2019
	\$	\$
Convertible bonds	<u>4,297,419</u>	<u>4,125,583</u>
Repayable:		
Not later than 1 year	4,297,419	185,490
Between 1 and 5 years	–	3,940,093
	<u>4,297,419</u>	<u>4,125,583</u>

The repayment schedule for convertible bonds is based on the final contractual maturity dates.

As at 30 June 2020, the effective interest rates for the convertible bonds was 14% (31 December 2019: 14%) per annum.

Details of the outstanding convertible bonds as at 30 June 2020 are as follows:

In December 2017, the Company issued 6% convertible bonds denominated in Singapore Dollars with a nominal value of \$8,000,000 (Series D1). The bonds are due for repayment one year from date of issue at their nominal value of \$8,000,000 or conversion into shares of the Company at the holder’s option. During the year ended 31 December 2018, \$4,250,000 of the convertible bonds were converted into ordinary shares of the Company. \$1,050,000 and \$1,500,000 of the convertible bonds were extended for 12 months and 30 months to December 2019 and June 2021, respectively. During the year ended 31 December 2019, \$200,000 of the convertible bonds were extended for 12 months to December 2020, \$1,850,000 was converted into ordinary shares of the Company in December 2019 and \$200,000 was fully redeemed. As at 30 June 2020, the nominal value of the remaining outstanding convertible bonds is \$1,700,000.

In May and June 2018, the Company issued 6% convertible bonds denominated in Singapore Dollars with a total nominal value of \$3,000,000 (Series D2). The bonds are due for repayment one year from date of issue at their nominal value of \$3,000,000 or conversion into shares of the Company at the holder’s option. In May and June 2019, the bonds were extended to June 2021.

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10 Trade and other payables

	Group	
	30/6/2020	31/12/2019
	\$	\$
Trade payables	18,852,885	20,980,054
Amount due to director	20,178	12,106
Accrued operating expenses	469,227	692,261
Deposit received from customers	99,914	102,164
Interest payables	752,305	665,026
Other payables	39,295	125,011
	<u>20,233,804</u>	<u>22,576,622</u>
Contract liabilities	11,832	14,235
	<u>20,245,636</u>	<u>22,590,857</u>
Non-current	–	332,587
Current	<u>20,245,636</u>	<u>22,258,270</u>
	<u>20,245,636</u>	<u>22,590,857</u>

The non-trade amounts due to director are unsecured, interest free and repayable on demand.

As at 30 June 2020, security deposits amounting to \$10,683,604 (31 December 2019: \$8,433,855) were included in the trade payable balance. The security deposit withheld are repayable at the end of the retention period, which is approximately 6 months from the origination of the transaction.

11 Loans and borrowings

	Group	
	30/6/2020	31/12/2019
	\$	\$
Loan from third party	–	400,000
Lease liabilities	37,980	25,863
	<u>37,980</u>	<u>425,863</u>
Non-current	2,121	4,658
Current	<u>35,859</u>	<u>421,205</u>
	<u>37,980</u>	<u>425,863</u>

On 10 October 2018, the Group obtained a loan from a third party of \$200,000 which was unsecured, had an interest rate of 12% per annum and maturing on 9 October 2020 respectively. The loan was fully repaid in March 2020.

On 15 April 2019 and 17 May 2019, the Group has obtained loans from a third party with principal amount of \$100,000 and \$100,000 respectively. The loans are unsecured, bears interest at 10% per annum and the principal amount is repayable within 5 monthly instalments from the third year onwards. The loan was fully repaid in February and June 2020.

The interest rates for lease liabilities are 3.57% to 6.25% (31 December 2019: 3.57% to 6.25%).

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12 Revenue

Revenue represents invoiced value of goods sold less returns and discounts and services rendered.

	Group	
	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
	\$	\$
Transaction revenue	5,024,252	2,258,588
Sales of services	932,179	297,667
Other revenue	55,991	93,574
	6,012,422	2,649,829
Timing of revenue recognition		
Performance obligations satisfied at a point in time	5,038,629	2,270,204
Performance obligations satisfied over time	973,793	379,625
	6,012,422	2,649,829

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
	\$	\$
Trade receivables	8,466,607	5,882,444
Contract assets	70,650	70,650
Contract liabilities	(11,832)	(12,682)
	8,525,425	5,939,412

The contract assets primarily relate to the Group’s rights to consideration for work completed but not billed at the reporting date for sales of services. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities primarily relate to advance consideration received from customers for transaction revenue.

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Significant changes in the contract assets and the contract liabilities balances during the period are as follows.

	Contract assets		Contract liabilities	
	Six-month period ended 30/6/2020 \$	Six-month period ended 30/6/2019 \$	Six-month period ended 30/6/2020 \$	Six-month period ended 30/6/2019 \$
Revenue recognised that was included in the contract liability balance at the beginning of the period	–	–	(10,154)	(12,333)
Increases due to cash received, excluding amounts recognised as revenue during the period	–	–	7,751	11,580
Work completed but not billed	–	–	–	–
Contract asset reclassified to trade receivables	(86,525)	–	–	–

13 Other income

	Group	
	Six-month period ended 30/6/2020 \$	Six-month period ended 30/6/2019 \$
Government grant	107,143	4,628
Gain on disposal of subsidiaries	–	1,154,570
Sundry income	12,096	29,548
	<u>119,239</u>	<u>1,188,746</u>

14 Administrative expenses

	Group	
	Six-month period ended 30/6/2020 \$	Six-month period ended 30/6/2019 \$
Employee compensation (see below)	1,030,885	927,565
Professional services fees	27,850	48,588
Occupancy costs	14,237	37,270
Other administrative expenses	245,639	215,451
	<u>1,318,611</u>	<u>1,228,874</u>
Employee compensation [^] :		
Salaries, bonus and other staff costs	951,077	852,367
Employer’s contribution to Central Provident Fund	79,808	75,198
	<u>1,030,885</u>	<u>927,565</u>

[^] Includes key management compensation as disclosed in Note 18.

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15 Other operating expenses

	Group	
	Six-month period ended 30/6/2020 \$	Six-month period ended 30/6/2019 \$
Impairment loss on intangible assets	–	170,999
Amortisation of intangible assets	259,994	241,278
Write off of trade receivables	–	61,175
Amounts owing from disposed subsidiaries written off	–	971,641
Depreciation of property, plant and equipment	78,860	132,969
Travelling and accommodation expenses	3,159	8,655
	342,013	1,586,717

16 Finance income and costs

	Group	
	Six-month period ended 30/6/2020 \$	Six-month period ended 30/6/2019 \$
Finance income		
Interest income arising from financial assets measured at amortised cost	74,975	31,927
	74,975	31,927
Finance costs		
Interest expense on convertible debts	310,349	405,023
Interest expense on bank loans	–	555
Interest expense on loans from director and third party	10,131	15,244
Interest expense on lease liabilities	538	1,736
	321,018	422,558
Foreign exchange loss, net	80,703	50,431
	401,721	472,989

17 Leases

Leases as lessee

The Group leases office properties. The leases typically run for a period of 1 year, with an option to renew the lease after that date.

Information about leases for which the Group is a lessee is presented below.

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Right-of-use assets

Right-of-use assets related to leased properties are presented as part of property, plant and equipment (see Note 3).

	Group	
	30 June 2020	31 December 2019
	\$	\$
Balance at 1 January 2020/2019	15,900	54,060
Additions	33,921	–
Depreciation charge for the period/year	(18,727)	(38,160)
Balance at 30 June 2020/31 December 2019	31,094	15,900

Amounts recognised in profit or loss

	Group	
	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
	\$	\$
Interest on lease liabilities	538	1,736
Expenses relating to short-term leases	14,237	37,270

Amounts recognised in statement of cash flows

	Group	
	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
	\$	\$
Total cash outflow for leases	22,088	22,019

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

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18 Related party transactions

Key management compensation

The key management are the directors of the Group. The compensation is as follows:

	Group	
	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
	\$	\$
Salaries and bonus	180,000	144,000
Employer’s contribution to Central Provident Fund	6,120	6,120
	186,120	150,120
Salary paid by subsidiaries	52,987	51,660
	239,107	201,780

19 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from counterparties.

The Group’s major classes of financial assets are cash and cash equivalents and trade and other receivables. The Group does not require or hold collateral on account of its receivables except for an amount of other receivables as disclosed in Note 6. The maximum exposure to credit risk for each class of financial asset is the carrying amount of that class of financial asset as shown on the statement of financial position. The Group’s exposure to credit risk arises mainly through its trade and other receivables. Exposure to credit risk is monitored on an ongoing basis.

Trade receivables and contract assets

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from individual customers. Loss rates are based on actual credit loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

Movements in allowance for impairment in respect of trade receivables

The movement in allowance for impairment in respect of trade receivables and contract assets during the period was as follows:

	Lifetime ECL \$
At 1 January 2019	1,564,843
Impairment losses recognised	87,597
Allowance written off	(44,675)
At 31 December 2019	1,607,765
Impairment losses recognised	17,081
Reversal of impairment losses	(26,362)
At 30 June 2020	1,598,484

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the high credit ratings of the counterparties. The amount of allowance on cash and cash equivalents is negligible.

Other receivables

Impairment on other receivables has been measured on the 12-month expected credit loss basis; and the amount of the allowance is as follows:

	\$
At 1 January 2019	525,000
Impairment loss recognised	482,300
At 31 December 2019 and 30 June 2020	1,007,300

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Deposits

Impairment on deposits have been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is negligible.

Capital management

The Group’s objective when managing capital is to safeguard the Group’s ability to continue as a going concern and to maintain an efficient capital structure so as to enhance shareholders’ value.

The Group manages its capital structure and makes adjustments to it, in light of the changes in economic conditions. To maintain or achieve a prudent and efficient capital structure, the Group may adjust the amount of dividend payment or issue new shares.

The capital structure of the Group consists primarily of equity, comprising issued share capital and reserves. The Group is not subject to any externally imposed capital requirements.

There were no changes in the Group’s approach to capital management during the period.

Accounting classifications

The classification of financial assets and liabilities are as follows:

	Amortised cost \$	Other financial liabilities \$	Total carrying amount \$
30 June 2020			
Trade and other receivables [^]	9,383,581	–	9,383,581
Cash and cash equivalents	12,140,584	–	12,140,584
	21,524,165	–	21,524,165
Trade and other payables*	–	20,233,804	20,233,804
Loans and borrowings	–	37,980	37,980
Convertible bonds	–	4,297,419	4,297,419
	–	24,569,203	24,569,203
31 December 2019			
Trade and other receivables [^]	11,621,425	–	11,621,425
Cash and cash equivalents	11,446,417	–	11,446,417
	23,067,842	–	23,067,842
Trade and other payables*	–	22,576,622	22,576,622
Loans and borrowings	–	425,863	425,863
Convertible bonds	–	4,125,583	4,125,583
	–	27,128,068	27,128,068

[^] Trade and other receivables exclude prepayments.

* Trade and other payables exclude advances from customers and deferred revenue.

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Other non-current liabilities

Fair value is estimated as the present value of future cash flows discounted at current interest rates for similar instruments at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and financial liabilities are discounted to determine their fair values.

20 Earnings per share

Basic earnings per share

The calculation of basic earnings per share has been based on the following profit/(loss) attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Profit/(Loss) attributable to ordinary shareholders

	Group	
	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
	\$	\$
Profit / (loss) for the period, attributable to ordinary shareholders	674,009	(1,318,648)

Weighted-average number of ordinary shares

	Group	
	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
	\$	\$
Issued ordinary shares at 1 January	2,084,120	2,002,404
Effect of shares issued in 2019	–	7,228
Weighted-average number of ordinary shares during the period	2,084,120	2,009,632

Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit/(loss) attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

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Profit/(Loss) attributable to ordinary shareholders (diluted)

	Group	
	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
	\$	\$
Profit / (Loss) attributable to ordinary shareholders	674,009	(1,318,648)
Interest expense on convertible bonds, net of tax	310,349	405,023
Profit / (loss) attributable to ordinary shareholders (diluted)	984,358	(913,625)

Weighted-average number of ordinary shares (diluted)

	Group	
	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
	\$	\$
Weighted-average number of ordinary shares (basic)	2,084,120	2,009,632
Effect of conversion of convertible bonds	233,572	261,213
Weighted-average number of ordinary shares (diluted) during the period	2,317,692	2,270,845

The average market value of the Company’s shares for purposes of calculating the dilutive effect of convertible bonds for each period was based on average issue price of the shares calculated by dividing the principal amount of convertible bonds converted during the period by the number of shares issued for the conversion.

21 Operating segments

The Group has the following two distinct business segments, which are its reportable segments. These business segments offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group’s CEO (the chief operating decision maker) reviews internal management reports of each division at least quarterly. The following summary describes the operations in each of the Group’s reportable segments:

- *Merchant Payment Services.* Includes providing payment processing services through the Group’s unified platform and smart software, which can be (a) installed onto or integrated any smart devices (including mobile phones, tablets, and smart POS terminals) for merchants with physical stores or (b) integrated into websites and applications of online merchants.
- *Digital Commerce Enabling Solutions.* Includes providing ancillary services, such as the sale/lease of Smart POS terminals, provision of proprietary and licensed software as a service, and white-labelling of its proprietary or licenced software, and development of bespoke software for its merchants.

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Other operations include investment holding. This segment does not meet any of the quantitative thresholds for determining reportable segments in six-month period ended 30 June 2020 or 30 June 2019 respectively.

There are varying levels of integration between the Merchant Payment Services and Digital Commerce Enabling Solutions reportable segments. This integration includes shared distribution services. Inter-segment pricing is determined on an arm’s length basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (loss) before tax, as included in the internal management reports that are reviewed by the Group’s CEO. Segment profit (loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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Information about reportable segments

Group	Merchant Payment Services		Digital Commerce Enabling Services		Others		Total	
	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
Revenue from external customers	\$ 5,080,243	\$ 2,352,162	\$ 932,179	\$ 297,667	-	-	\$ 6,012,422	\$ 2,649,829
Segment loss before tax	755,214	(976,922)	(90,714)	(46,064)	-	(299,828)	664,500	(1,322,814)
Interest income	74,886	30,549	89	1,378	-	-	74,975	31,927
Interest expense	(320,295)	(406,508)	(723)	(16,050)	-	-	(321,018)	(422,558)
Depreciation	(71,693)	(126,237)	(7,167)	(6,732)	-	-	(78,860)	(132,969)
Amortisation	(229,638)	(231,426)	(30,356)	(9,852)	-	-	(259,994)	(241,278)
Impairment loss on goodwill	-	(170,999)	-	-	-	-	-	(170,999)
Write off of trade receivables and amounts owing from disposed subsidiaries	-	(58,906)	-	(2,269)	-	(971,641)	-	(1,032,816)
Impairment loss on trade and other receivables	9,259	(13,024)	22	(461)	-	(482,300)	9,281	(495,785)
Share of results of associate	-	(327)	-	-	-	-	-	(327)
Segment assets	22,313,606	11,782,872	488,599	682,529	45,515	45,515	22,847,720	12,510,916
Investments in associate and joint venture	-	19,673	-	-	-	-	-	19,673
Segment liabilities	24,215,887	16,099,009	363,231	841,535	1,917	1,917	24,581,035	16,942,461
Capital expenditure	4,111	1,887	5	73	-	-	4,116	1,960

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Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items to SFRS(I) measures

	Six-month period ended 30/6/2020 \$	Six-month period ended 30/6/2019 \$
Revenues		
Total revenue for reportable segments	6,012,422	2,649,829
Consolidated revenue	6,012,422	2,649,829
Profit or loss before tax		
Total profit or loss before tax for reportable segments	664,500	(1,022,986)
Profit or loss before tax for other segments	–	(299,828)
Share of results of joint venture and associate	–	(327)
Consolidated profit/(loss) before tax	664,500	(1,323,141)
Assets		
Total assets for reportable segments	22,802,205	12,465,401
Assets for other segments	45,515	45,515
Investments in associate and joint venture	–	19,673
Consolidated total assets	22,847,720	12,530,589
Liabilities		
Total liabilities for reportable segments	24,579,118	16,940,544
Liabilities for other segments	1,917	1,917
Consolidated total liabilities	24,581,035	16,942,461

Geographical information

The Group’s business is managed in four principal geographical areas, namely, Singapore, Malaysia, Thailand and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Six-month period ended 30/6/2020 \$	Six-month period ended 30/6/2019 \$
Revenue		
Singapore	5,030,084	2,429,879
Malaysia	948,650	218,694
Thailand	33,688	1,256
Consolidated revenue	6,012,422	2,649,829

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	Six-month period ended 30/6/2020 \$	Six-month period ended 30/6/2019 \$
Non-current assets⁽ⁱ⁾		
Singapore	1,292,208	1,880,070
Malaysia	312	2,998
Thailand	21,627	46,097
	1,314,147	1,929,165

(i) Non-current assets exclude financial instruments (other than investments in associate and joint venture), deferred tax assets and employee benefit assets.

Major customers

During the financial period ended 30 June 2020, revenue from two customers of the Group’s Merchant Payment Services segment represents approximately \$2,028,000 (30 June 2019: \$360,000) of the Group’s total revenues. During the financial period ended 30 June 2020, revenue from another customer of the Group’s Digital Commerce Enabling Solutions segment represents approximately \$899,000 (30 June 2019: 220,000) of the Group’s total revenues.

22 Events after reporting date

a) On 4 April 2018, the Company executed the conditional sale and purchase agreement (the “Agreement”) with the shareholders of iFashion Group Pte. Ltd. (iFashion) to acquire 100% of iFashion in 2 tranches through an exchange of equity interests for a consideration of 2 times the audited consolidated revenue of iFashion and its subsidiaries for the year ended 31 December 2017, capped at \$25,000,000. iFashion is a retail enabler, supporting several lifestyle and fashion brands.

On 23 April 2018 and 3 October 2018, the Company extended two loans amounting to \$500,000 and \$25,000 (the “Loans”) to iFashion at an interest rate of 6% per cent per annum. Interest shall accrue from day to day from the relevant drawdown dates to the date of repayment of the Loans in full.

The long stop date under the iFashion SPA was 31 December 2018 (the “iFashion Long Stop Date”). As the conditions precedent under the iFashion SPA were not satisfied as at the iFashion Long Stop Date and the iFashion Parties did not agree to an extension of the iFashion Long Stop Date, the iFashion Transaction has been terminated. The shares acquired under Tranche 1 are held by the Company as a continuing security for the payment and discharge of all liabilities arising from the Loans.

On 17 January 2020, the Company had issued Statutory Notice of Demand to iFashion to recover the loan and interest accrued. On 1 September 2020, the Company entered into a settlement agreement with iFashion on a repayment plan whereby iFashion will repay the principal and outstanding accrued interest on a monthly basis to the Company. The repayment plan began in September 2020 and is expected to end by May 2022.

b) In November 2020 and December 2020, the Company converted \$3.4 million and \$0.2 million of the convertible bonds that were issued in May and June 2018 (Series D2) and December 2017 (part of the Series D1) into 137,298 ordinary shares and 9,449 ordinary shares in the Company respectively.

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c) In March 2020, the novel coronavirus (COVID-19) pandemic created a high level of uncertainty to the near-term global economic prospects and volatility in the global capital markets. The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of national borders, the closure of non-essential businesses, the cancellation of public events and the imposition of restrictions on individuals) in an attempt to reduce transmission of the virus

In early April 2020, the Singapore Government ordered an eight-week lockdown, during which non-essential businesses and organisations were not allowed to operate and individuals (other than essential workers or those undertaking essential business) were required to stay at home. In late June 2020, the Singapore Government gradually started easing those restrictions.

To date the Group has undertaken the following steps to reduce the impact of COVID-19 on its operations:

- Monthly rental negotiation from \$3,100 to \$2,700 with effect from 15 June 2020.
- Actively rolling out new food and beverages solutions to help merchants deal with online or offline ordering, as part of the Group’s initiative to improve its revenue.
- Taken advantage of the wage subsidies made available by the Singapore Government.

The Directors have assessed and determined that the pandemic has not had a material impact on the financial statements, including trade debtors and intangible assets impairment losses.

d) In October 2020, the Group completed its Thailand restructuring exercise, whereby the non-controlling shareholder of MC Payment (Thailand) Co., Ltd. (“MCP Thailand”) redeemed his shares pledged to the Company by paying down the loan extended to him by the Company and disposed his shares to a new shareholder, MCP Holding (Thailand) Co. Ltd. (“MCP Holding”), which is a subsidiary of the Group. As part of the restructuring exercise, the Company had agreed to reduce the loan repayment amount from THB11,222,500 to THB10,100,500. Following the restructuring exercise, the Group has an effective 73.98% interest in MCP Thailand.

23 Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2019. A number of new standards are effective from 1 January 2020 but they do not have a material effect on the Group’s financial statements.

24 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements

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**Mobile Credit Payment Pte. Ltd.
and its subsidiaries**

Unaudited Pro forma Consolidated Financial Information
For the year ended 31 December 2019 and the six months
period ended 30 June 2020

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**Independent Auditors’ report on the compilation of Unaudited Pro
Forma Consolidated Financial Information for the year ended
31 December 2019 and the six months period ended 30 June 2020**

The Board of Directors
Mobile Credit Payment Pte. Ltd.

**Report on the compilation of Unaudited Pro Forma Consolidated Financial
Information**

We have completed our assurance engagement to report on the compilation of Unaudited Pro Forma Consolidated Financial Information of Mobile Credit Payment Pte. Ltd. (the “Company”) and its subsidiaries (the “Group”) by the management (the “Management”). The Unaudited Pro Forma Consolidated Financial Information of the Group consists of the unaudited pro forma consolidated statements of financial position as at 31 December 2019 and 30 June 2020, the unaudited pro forma consolidated statements of profit or loss and other comprehensive income, the unaudited pro forma consolidated statements of cash flows for the year ended 31 December 2019 and the six months period ended 30 June 2020 and related notes (the Unaudited Consolidated Pro forma Financial Information) as set out on pages D-1 to D-23 of the circular (the “Circular”) to be issued in connection with the proposed acquisition of the Group by way of allotment and issuance of new shares of Artivision Technologies Ltd. (the “Proposed Acquisition”). The Unaudited Pro Forma Consolidated Financial Information of the Group has been prepared for illustrative purposes only and is based on certain assumptions, after making certain adjustments. The applicable criteria (the Criteria) on the basis of which the Management has compiled the Unaudited Pro Forma Consolidated Financial Information are described in Note 2.

The Unaudited Pro Forma Consolidated Financial Information has been compiled by the Management to illustrate the impact on:

- (a) the consolidated financial positions as at 31 December 2019 and 30 June 2020 as if the Group had completed the transactions set out in Note 1 (the “Transactions”) on 31 December 2019 and 30 June 2020 respectively; and
- (b) the consolidated financial performance and the consolidated cash flows for the year ended 31 December 2019 and the six months period ended 30 June 2020 as if the Group had completed the Transactions on 1 January 2019.

As part of this process, information about the Group’s consolidated financial position, financial performance and cash flows have been extracted by the Management from the consolidated financial statements of Group for the year ended 31 December 2019 and the six months period ended 30 June 2020, on which an audit and a review report have been published respectively.

The Management’s responsibility for the pro forma financial information

The Management is responsible for compiling the pro forma financial information on the basis of the Criteria.

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Reporting Accountants’ independence and quality control

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ responsibility

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Consolidated Financial Information has been compiled, in all material respects, by the Management on the basis of the Criteria.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants (the ISCA). This standard requires that the Reporting Accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the Unaudited Pro Forma Consolidated Financial Information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Consolidated Financial Information.

The purpose of Unaudited Pro Forma Consolidated Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2019 and 30 June 2020 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Consolidated Financial Information has been compiled, in all material respects, on the basis of the Criteria involves performing procedures to assess whether the Criteria used by the Management in the compilation of the Unaudited Pro Forma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those Criteria; and

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- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Independent Auditors’ judgement, having regard to his understanding of the nature of the Group, event or transaction in respect of which the Unaudited Pro Forma Consolidated Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Consolidated Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Consolidated Financial Information has been compiled:
 - (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which are in accordance with Singapore Financial Reporting Standards (International); and
 - (ii) on the basis of the Criteria stated in Note 2 of the Unaudited Pro Forma Consolidated Financial Information; and
- (b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Consolidated Financial Information is appropriate for the purpose of preparing such unaudited financial information.

This letter has been prepared for inclusion in the Circular to be issued in connection with the Proposed Transaction.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

Yap Wee Kee

Partner-in-charge

31 December 2020

APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND SIX-MONTH PERIOD ENDED 30 JUNE 2020 OF MOBILE CREDIT PAYMENT AND ITS SUBSIDIARIES

1 Introduction

The Unaudited Pro Forma Consolidated Financial Information of Mobile Credit Payment Pte. Ltd. (the “Company”) and its subsidiaries (the “Group”) consists of the unaudited pro forma consolidated statements of financial position of the Group as at 31 December 2019 and 30 June 2020, the unaudited pro forma consolidated statements of profit or loss and other comprehensive income and unaudited pro forma consolidated statements of cash flows of the Group for the year ended 31 December 2019 and the six months period ended 30 June 2020 (the “Unaudited Pro forma Consolidated Financial Information”).

The Unaudited Pro forma Consolidated Financial Information has been prepared solely for inclusion in the Circular to be issued in connection with the proposed acquisition of the Group by way of allotment and issuance of new shares of Artivision Technologies Ltd. (the “Proposed Acquisition”).

Except for the Transactions described below, the Directors of the Company, as at the date of this report, are not aware of any significant acquisitions or disposals of assets and any significant changes made to the capital structure of the Company subsequent to 31 December 2020.

- Disposal of MC Payment (HK) Limited

On 8 January 2019, the Group disposed all its shares in MC Payment (HK) Limited, a wholly owned subsidiary, for cash consideration of \$482,300. Due to the uncertainty of collection of the sales consideration and the sales consideration has not been received by the Group, the Group recognised a corresponding impairment allowance of \$482,300 on the receivables. As the subsidiary was disposed in early part of 2019 and no financial result was consolidated by the Group, no pro forma adjustments was required to be made to the consolidated financial statements.

- Disposal of MC Payment Pty Ltd

On 1 October 2019, the Group disposed all its shares in MC Payment Pty Ltd, a subsidiary, for a cash consideration of \$1 and recognised a gain on disposal of \$530,768. Due to the uncertainty of collection of the amount and the cash consideration of \$1 has not been received by the Group, the Group has recognised an allowance of impairment of \$1 on the receivables.

- Disposal of 26% interest in PT MCP Indo Utama

On 14 August 2019, the Group disposed 364,000 shares in PT MCP Indo Utama, a joint venture, for a cash consideration of \$353,080. This divestment resulted in a decrease of interest in PT MCP Indo Utama, from 50% to 24%. Subsequent to the divestment, the Group classified its investment in PT MCP Indo Utama from a joint venture to an associate. PT MCP Indo Utama also repaid the shareholder loan amounting to \$253,403 to the Group. Due to the accumulated losses from PT MCP Indo Utama exceeding the costs of investments by the Group in prior years, no additional losses was recognised in 2019 as the Group does not have further obligation to PT MCP Indo Utama in addition to what the Group has invested. No pro forma adjustments was required to be made to the consolidated financial statements.

The accompanying notes form an integral part of these Unaudited Pro Forma Consolidated Financial Information.

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MOBILE CREDIT PAYMENT AND ITS SUBSIDIARIES**

- Thai Restructuring Exercise of MC Payment (Thailand) Co., Ltd. (“MCP Thailand”)

Prior to the Thai Restructuring Exercise, MC Global Venture Pte. Ltd. (“MCGV”) and Ffastpay Pte. Ltd. (“FPL”) were collectively deemed interested in 100.0% of the shares in the issued share capital of MCP Thailand as the non-controlling shareholder, had previously pledged his entire shareholding interests in MCP Thailand, including all the benefits attached thereto, to MCGV in consideration of a loan extended to him by the MCGV. Subsequent to the Thai Restructuring Exercise:

- (i) MCP Holding (Thailand) Co. Ltd. (“MCPHT): The non-controlling shareholder holds 51.0% of the issued share capital of MCPHT (comprising 11,220 preference shares) while MCGV and FPL will collectively hold the remaining 49.0% (comprising 10,780 ordinary shares); and
- (ii) MCP Thailand: MCPHT holds an aggregate of 51.0% of the issued share capital of MCP Thailand (comprising 86,725 ordinary shares and 25,500 preference shares) while MCGV and FPL collectively hold the remaining 49.0% (comprising 107,775 ordinary shares).

As part of the restructuring exercise, the Company had agreed to reduce the loan repayment amount from THB11,222,500 to THB10,100,500 and the non-controlling shareholder redeemed his shares pledged to the Company by paying down the loan extended to him by the Company and disposed his shares to a new shareholder, MCP Holding (Thailand) Co. Ltd. (“MCP Holding”). Following the restructuring exercise, the Group has an effective 73.98% interest in MCP Thailand. The Thai Restructuring Exercise was completed in October 2020.

- Conversion of convertible bonds by bondholders amounting to \$3.2 million and associated interest payables

Prior to the completion of the Proposed Acquisition, the bondholders of series D bonds converted \$3.2 million of the convertible bonds that were in issuance and the associated interest payables into new shares of the Company.

The transactions as described above are collectively referred to as the “Transactions”.

2 Basis of preparation of the Unaudited Pro Forma Consolidated Financial Information

The Unaudited Pro Forma Consolidated Financial Information has been compiled by the Management based on:

The accompanying notes form an integral part of these Unaudited Pro Forma Consolidated Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED PRO
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- the audited consolidated financial statements of the Group for the year ended 31 December 2019 and unaudited consolidated interim financial statements for the six months period ended 30 June 2020 (the “consolidated financial statements”), which were prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”). The audited consolidated financial statements of the Group for the year ended 31 December 2019 were audited in accordance with Singapore Standards on Auditing and the unaudited consolidated interim financial statements for the six months period ended 30 June 2020 were reviewed in accordance with Singapore Standards on Review Engagements 2410 *Review of Interim Financial Information performed by the Independent Auditor of Entity* by KPMG LLP, Public Accountants and Chartered Accountants. The independent auditors’ report on the consolidated financial statements did not contain any qualification, modification or disclaimer; and
- the accounting policies of the Group as set out in the audited consolidated financial statements for the year ended 31 December 2019, included in Appendix B of the Circular.

The Unaudited Pro Forma Consolidated Financial Information is presented in Singapore dollars and all values are stated to the nearest dollar except when otherwise indicated.

The Group has applied the same accounting policies and methods of computation in the Unaudited Pro Forma Consolidated Financial Information of the Group as those of the most recently audited consolidated financial statements for the year ended 31 December 2019.

The Unaudited Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only and is based on certain assumptions, after making certain adjustments, to show:

- what the financial position of the Group as at 31 December 2019 and 30 June 2020 would have been if the Transactions as described in Note 1 had occurred at 31 December 2019 and 30 June 2020; and
- what the financial performance and cash flows of the Group for the year ended 31 December 2019 and the six months period ended 30 June 2020 would have been if the Transactions had occurred on 1 January 2019.

The Unaudited Pro Forma Consolidated Financial Information, because of its nature, it does not represent the Group’s actual financial position, financial performance, or cash flows.

Unaudited pro forma consolidated statements of financial position

The unaudited pro forma consolidated statements of financial position as at 31 December 2019 and 30 June 2020 have been prepared to reflect the financial position of the Group had it been in place and had the Transactions occurred on those date.

In arriving at the unaudited pro forma consolidated statements of financial position as at 31 December 2019 and 30 June 2020, the following key adjustments and assumptions were made:

The accompanying notes form an integral part of these Unaudited Pro Forma Consolidated Financial Information.

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- Pursuant to the Thai Restructuring Exercise, adjustments to reflect (i) the cash receipt of the repayment of loan extended to the non-controlling shareholder of MCP Thailand; (ii) the losses recognised by the Group from the reduction in loan amount and allocation of losses and total comprehensive losses for the year from the Group to the non-controlling interest as the effective interest in MCP Thailand changed from 100% to 73.98% following the restructuring exercise.
- Adjustment to reflect the (i) conversion of convertible bonds and the associated interest payables into new ordinary shares of the Company by bondholders holding in aggregate \$3.2 million of the convertible bonds in issuance; (ii) the losses arising from the early conversion of the convertible bonds.
- The exchange rate of Thai baht (“THB”)/Singapore dollars (“SGD”) as at 31 December 2019 and 30 June 2020 are assumed to be:

	31 December 2019	30 June 2020
THB/SGD	0.0449	0.0442

**Unaudited pro forma consolidated of profit or loss and other comprehensive income and
Unaudited pro forma consolidated statement of cash flows**

The unaudited pro forma consolidated of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows have been prepared to reflect the financial performance of the Group had it been in place and had the Transactions been completed on 1 January 2019.

In arriving at the unaudited pro forma consolidated of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows for each of the year and period presented, the following key adjustments and assumptions were made:

- Adjustments to reflect (i) losses from the reduction in loan amount and allocation of losses and total comprehensive losses for the year from the Group to the non-controlling interest as the effective interest in MCP Thailand changed from 100% to 73.98% following the restructuring exercise;(iii) the cash receipt from repayment of loan extended to the non-controlling shareholder of MCP Thailand of THB10,100,500.
- Adjustment to reverse out the finance costs after the conversion of convertible bonds on 1 January 2019.
- The exchange rate of Thai baht (“THB”)/Singapore dollars (“SGD”) and Australian Dollar (“AUD”)/Singapore dollars (“SGD”) as at 1 January 2019 are assumed to be:

	THB/SGD	AUD/SGD
As at 1 January 2019	0.0419	0.9839

The accompanying notes form an integral part of these Unaudited Pro Forma Consolidated Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED PRO
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MOBILE CREDIT PAYMENT AND ITS SUBSIDIARIES**

Unaudited pro forma consolidated statements of financial position
As at 31 December 2019 and 30 June 2020

	31 December 2019	30 June 2020
	\$	\$
Assets		
Property, plant and equipment	167,438	125,984
Intangible assets and goodwill	1,448,157	1,188,163
Investment in associate	19,346	–
Trade and other receivables	14,529	14,341
Total non-current assets	<u>1,649,470</u>	<u>1,328,488</u>
Current assets		
Cash and cash equivalents	11,899,930	12,587,027
Trade and other receivables	11,614,728	9,378,648
Total current assets	<u>23,514,658</u>	<u>21,965,675</u>
Total assets	<u>25,164,128</u>	<u>23,294,163</u>
Equity		
Share capital	21,906,516	22,001,603
Capital reserve	2,896,488	2,896,488
Currency translation reserve	(66,015)	(32,142)
Accumulated losses	(23,615,503)	(22,773,955)
Equity attributable to equity holders of the Company	<u>1,121,486</u>	<u>2,091,994</u>
Non-controlling interests	<u>22,297</u>	<u>(47,194)</u>
Total equity	<u>1,143,783</u>	<u>2,044,800</u>
Liabilities		
Trade and other payables	223,486	–
Loans and borrowings	4,658	2,121
Convertible bonds	1,305,741	–
Non-current liability	<u>1,533,885</u>	<u>2,121</u>
Trade and other payables	22,065,255	19,848,434
Loans and borrowings	421,205	35,859
Convertible bonds	–	1,362,949
Current liabilities	<u>22,486,460</u>	<u>21,247,242</u>
Total liabilities	<u>24,020,345</u>	<u>21,249,363</u>
Total equity and liabilities	<u>25,164,128</u>	<u>23,294,163</u>

The accompanying notes form an integral part of these Unaudited Pro Forma Consolidated Financial Information.

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MOBILE CREDIT PAYMENT AND ITS SUBSIDIARIES**

**Unaudited pro forma consolidated statement of profit or loss and
other comprehensive income**

For the year ended 31 December 2019 and the six months period ended 30 June 2020

	1 January 2019 to 31 December 2019 \$	1 January 2020 to 30 June 2020 \$
Revenue	8,655,808	6,012,422
Cost of sales	<u>(4,716,434)</u>	<u>(3,489,072)</u>
Gross profit	3,939,374	2,523,350
Other income	2,147,328	119,239
Finance income	253,714	74,975
Administrative expenses	(2,633,314)	(1,318,611)
(Allowance)/reversal of impairment losses on trade and other receivables, net	(494,148)	9,281
Other operating expenses	(3,941,500)	(342,013)
Share of loss of joint venture and associate (net of tax)	(654)	–
Finance costs	<u>(525,047)</u>	<u>(192,006)</u>
(Loss)/Profit before tax	(1,254,247)	874,215
Income tax expense	<u>(21,066)</u>	<u>–</u>
(Loss)/Profit for the year/period	<u>(1,275,313)</u>	<u>874,215</u>
(Loss)/Profit attributable to:		
Equity holders of the Company	(1,173,397)	941,266
Non-controlling interests	<u>(101,916)</u>	<u>(67,051)</u>
(Loss)/Profit for the year/period	<u>(1,275,313)</u>	<u>874,215</u>
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit of loss:</i>		
Foreign currency translation differences relating to financial statements of foreign subsidiaries and joint venture	<u>(68,366)</u>	<u>33,873</u>
Total comprehensive (loss)/income for the year/period	<u>(1,343,679)</u>	<u>908,088</u>
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(1,250,405)	977,580
Non-controlling interests	<u>(93,274)</u>	<u>(69,492)</u>
Total comprehensive (loss)/income for the year/period	<u>(1,343,679)</u>	<u>908,088</u>

The accompanying notes form an integral part of these Unaudited Pro Forma Consolidated Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED PRO
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MOBILE CREDIT PAYMENT AND ITS SUBSIDIARIES**

**Unaudited pro forma consolidated statement of cash flows
For the year ended 31 December 2019 and the six months period ended 30 June 2020**

	1 January 2019 to 31 December 2019	1 January 2020 to 30 June 2020
	\$	\$
Cash flows from operating activities		
(Loss)/Profit before tax for the year/period	(1,254,247)	874,215
Adjustments for:		
Amortisation of intangible assets	460,962	259,994
Bad debt written off	3,019,970	–
Depreciation of property, plant and equipment	257,219	78,860
Impairment loss on intangible assets	170,999	–
Interest income	(39,960)	(74,975)
Interest expense	525,047	111,303
Allowance/(reversal) of impairment losses on trade and other receivables, net	494,148	(9,281)
Share of results of joint venture and associate	654	–
Gain on disposal of subsidiaries	(1,727,876)	–
Gain on disposal of joint venture	(353,080)	–
Unrealised foreign exchange loss/(gain)	150,485	(294,444)
	<u>1,704,321</u>	<u>945,672</u>
Changes in working capital:		
Trade and other receivables	(11,903,536)	2,264,895
Trade and other payables	20,643,437	(2,432,215)
Cash generated from operations	<u>10,444,222</u>	<u>778,352</u>
Income tax paid	(21,066)	–
Interest income	39,960	74,975
Interest paid	(72,887)	(61,903)
Net cash generated from operating activities	<u>10,390,229</u>	<u>791,424</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,009)	(4,116)
Proceeds from disposal of subsidiaries	366,095	–
Proceeds from disposal of joint venture	353,080	–
Acquisition of intangible assets	(10,000)	–
Net cash generated from investing activities	<u>706,166</u>	<u>(4,116)</u>
Cash flows from financing activities		
Drawdown of loans and borrowings	200,000	–
Repayment of lease liabilities	(42,266)	(22,088)
Repayment of loans and borrowings	(523,968)	(400,000)
Repayment of convertible bonds	(200,000)	–
Net cash used in financing activities	<u>(566,234)</u>	<u>(422,088)</u>
Net increase in cash and cash equivalents	10,530,161	365,220
Effect of exchange rate fluctuations on cash held	(80,069)	328,947
Cash and cash equivalents at beginning of financial year/period	1,419,536	11,869,628
Cash and cash equivalents at end of financial year/period	<u>11,869,628</u>	<u>12,563,795</u>

The accompanying notes form an integral part of these Unaudited Pro Forma Consolidated Financial Information.

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**Unaudited pro forma consolidated statement of financial position
As at 31 December 2019**

	Audited consolidated statement of financial position \$	Pro forma adjustments		Unaudited pro forma consolidated statement of financial position \$
		Note (a) \$	Note (b) \$	
Assets				
Property, plant and equipment	167,438	–	–	167,438
Intangible assets and goodwill	1,448,157	–	–	1,448,157
Investment in associate	19,346	–	–	19,346
Trade and other receivables	14,529	–	–	14,529
Total non-current assets	1,649,470	–	–	1,649,470
Current assets				
Cash and cash equivalents	11,446,417	453,513	–	11,899,930
Trade and other receivables	11,614,728	–	–	11,614,728
Total current assets	23,061,145	453,513	–	23,514,658
Total assets	24,710,615	453,513	–	25,164,128
Equity				
Share capital	18,404,401	–	3,502,115	21,906,516
Capital reserve	2,896,488	–	–	2,896,488
Currency translation reserve	(66,015)	–	–	(66,015)
Accumulated losses	(23,624,756)	389,410	(380,157)	(23,615,503)
Equity attributable to equity holders of the Company	(2,389,882)	389,410	3,121,958	1,121,486
Non-controlling interests	(41,806)	64,103	–	22,297
Total equity	(2,431,688)	453,513	3,121,958	1,143,783

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MOBILE CREDIT PAYMENT AND ITS SUBSIDIARIES**

**Unaudited pro forma consolidated statement of financial position
As at 31 December 2019**

	Audited consolidated statement of financial position	Pro forma adjustments		Unaudited pro forma consolidated statement of financial position
	\$	Note (a) \$	Note (b) \$	\$
Liabilities				
Trade and other payables	332,587	–	(109,101)	223,486
Loans and borrowings	4,658	–	–	4,658
Convertible bonds	3,940,093	–	(2,634,352)	1,305,741
Non-current liability	<u>4,277,338</u>	–	<u>(2,743,453)</u>	<u>1,533,885</u>
Trade and other payables	22,258,270	–	(193,015)	22,065,255
Loans and borrowings	421,205	–	–	421,205
Convertible bonds	185,490	–	(185,490)	–
Current liabilities	<u>22,864,965</u>	–	<u>(378,505)</u>	<u>22,486,460</u>
Total liabilities	<u>27,142,303</u>	–	<u>(3,121,958)</u>	<u>24,020,345</u>
Total equity and liabilities	<u>24,710,615</u>	453,513	–	<u>25,164,128</u>

Notes:

- (a) Adjustments to reflect (i) the cash receipt of the repayment of loan extended to the non-controlling shareholder of MCP Thailand amounting to \$453,513; (ii) losses recognised from the reduced loan principal amounting to \$50,378 (iii) the allocation of reserves to the non-controlling interest amounting to \$64,103 as the effective interest in MCP Thailand changed from 100% to 73.98% following the restructuring exercise.
- (b) Adjustment to reflect the (i) conversion of convertible bonds and the associated interest payables into new ordinary shares of the Company by bondholders holding in aggregate \$3.2 million of the convertible bonds in issuance amounting to \$3,502,115; (ii) the losses arising from the early conversion of the convertible bonds amounting to \$380,157.

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**Unaudited pro forma consolidated statement of financial position
As at 30 June 2020**

	Unaudited consolidated statement of financial position	Pro forma adjustments		Unaudited pro forma consolidated statement of financial position
	\$	Note (a)	Note (b) \$	\$
Assets				
Property, plant and equipment	125,984	–	–	125,984
Intangible assets and goodwill	1,188,163	–	–	1,188,163
Trade and other receivables	14,341	–	–	14,341
Total non-current assets	1,328,488	–	–	1,328,488
Current assets				
Cash and cash equivalents	12,140,584	446,443	–	12,587,027
Trade and other receivables	9,378,648	–	–	9,378,648
Total current assets	21,519,232	446,443	–	21,965,675
Total assets	22,847,720	446,443	–	23,294,163
Equity				
Share capital	18,404,401	–	3,597,202	22,001,603
Capital reserve	2,896,488	–	–	2,896,488
Currency translation reserve	(32,142)	–	–	(32,142)
Accumulated losses	(22,950,747)	442,322	(265,530)	(22,773,955)
Equity attributable to equity holders of the Company	(1,682,000)	442,322	3,331,672	2,091,994
Non-controlling interests	(51,315)	4,121	–	(47,194)
Total equity	(1,733,315)	446,443	3,331,672	2,044,800

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**Unaudited pro forma consolidated statement of financial position
As at 30 June 2020**

	Unaudited consolidated statement of financial position	Pro forma adjustments		Unaudited pro forma consolidated statement of financial position
	\$	Note (a)	Note (b) \$	\$
Liabilities				
Loans and borrowings	2,121	–	–	2,121
Non-current liability	2,121	–	–	2,121
Trade and other payables	20,245,636	–	(397,202)	19,848,434
Loans and borrowings	35,859	–	–	35,859
Convertible bonds	4,297,419	–	(2,934,470)	1,362,949
Current liabilities	24,578,914	–	(3,331,672)	21,247,242
Total liabilities	24,581,035	–	(3,331,672)	21,249,363
Total equity and liabilities	22,847,720	446,443	–	23,294,163

Notes:

- (a) Adjustments to reflect (i) the cash receipt of the repayment of loan extended to the non-controlling shareholder of MCP Thailand amounting to \$446,443; (ii) losses recognised from the reduced loan principal amounting to \$49,592; (iii) the allocation of reserves to the non-controlling interest amounting to \$4,121 as the effective interest in MCP Thailand changed from 100% to 73.98% following the restructuring exercise.
- (b) Adjustment to reflect the (i) conversion of convertible bonds and the associated interest payables into new ordinary shares of the Company by bondholders holding in aggregate \$3.2 million of the convertible bonds in issuance amounting to \$3,597,202; (ii) the losses arising from the early conversion of the convertible bonds amounting to \$265,530.

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MOBILE CREDIT PAYMENT AND ITS SUBSIDIARIES**

**Unaudited pro forma consolidated statement of profit or loss and
other comprehensive income
For the year ended 31 December 2019**

	Audited consolidated statement of profit or loss and other comprehensive income	Pro forma adjustments			Unaudited pro forma consolidated statement of profit or loss and other comprehensive income
		Note (a)	Note (b)	Note (c)	
	\$				\$
Revenue	8,655,808	–	–	–	8,655,808
Cost of sales	(4,716,434)	–	–	–	(4,716,434)
Gross profit	3,939,374	–	–	–	3,939,374
Other income	2,104,792	42,536	–	–	2,147,328
Finance income	253,714	–	–	–	253,714
Administrative expenses	(2,633,314)	–	–	–	(2,633,314)
Impairment loss on trade and other receivables	(494,148)	–	–	–	(494,148)
Other operating expenses	(3,894,488)	–	(47,012)	–	(3,941,500)
Share of loss of joint venture and associate (net of tax)	(654)	–	–	–	(654)
Finance costs	(819,372)	–	–	294,325	(525,047)
Loss before tax	(1,544,096)	42,536	(47,012)	294,325	(1,254,247)
Income tax expense	(21,066)	–	–	–	(21,066)
Loss for the year	(1,565,162)	42,536	(47,012)	294,325	(1,275,313)
Loss attributable to:					
Equity holders of the Company	(1,556,300)	42,536	46,042	294,325	(1,173,397)
Non-controlling interests	(8,862)	–	(93,054)	–	(101,916)
Loss for the year	(1,565,162)	42,536	(47,012)	294,325	(1,275,313)

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED PRO
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MOBILE CREDIT PAYMENT AND ITS SUBSIDIARIES**

**Unaudited pro forma consolidated statement of profit or loss and
other comprehensive income
For the year ended 31 December 2019**

	Audited consolidated statement of profit or loss and other comprehensive income	Pro forma adjustments			Unaudited pro forma consolidated statement of profit or loss and other comprehensive income
		Note (a)	Note (b)	Note (c)	
		\$	\$	\$	
Other comprehensive income					
<i>Items that are or may be reclassified subsequently to profit of loss:</i>					
Foreign currency translation differences relating to financial statements of foreign subsidiaries and joint venture	73,421	(141,787)	–	–	(68,366)
Total comprehensive loss for the year	<u>(1,491,741)</u>	<u>(99,251)</u>	<u>(47,012)</u>	<u>294,325</u>	<u>(1,343,679)</u>
Total comprehensive loss attributable to:					
Equity holders of the Company	(1,582,130)	–	37,400	294,325	(1,250,405)
Non-controlling interests	90,389	(99,251)	(84,412)	–	(93,274)
Total comprehensive loss for the year	<u>(1,491,741)</u>	<u>(99,251)</u>	<u>(47,012)</u>	<u>294,325</u>	<u>(1,343,679)</u>

Notes:

- (a) Adjustments to the foreign exchange differences amounting to \$42,536 from the gain on disposal and derecognition of the foreign currency translation reserves of \$141,787 following the disposal of MC Payment Pty Ltd.
- (b) Adjustments to reflect (i) the losses from the reduction in loan amount of \$47,012; (ii) the allocation of losses for the year and total comprehensive loss attributable to the non-controlling interest amounting to \$93,054 and \$84,412 respectively following the change of the effective interest in MCP Thailand from 100% to 73.98% after the restructuring exercise.
- (c) Adjustment to reverse the finance costs amounting to \$294,325 after the conversion of convertible bonds.

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**Unaudited pro forma consolidated statement of profit or loss and
other comprehensive income**

For the six months period ended 30 June 2020

	Unaudited consolidated statement of profit or loss and other comprehensive income	Pro forma adjustments		Unaudited pro forma consolidated statement of profit or loss and other comprehensive income
	\$	Note (a)	Note (b)	\$
Revenue	6,012,422	–	–	6,012,422
Cost of sales	(3,489,072)	–	–	(3,489,072)
Gross profit	2,523,350	–	–	2,523,350
Other income	119,239	–	–	119,239
Finance income	74,975	–	–	74,975
Administrative expenses	(1,318,611)	–	–	(1,318,611)
Reversal of impairment losses on trade and other receivables, net	9,281	–	–	9,281
Other operating expenses	(342,013)	–	–	(342,013)
Share of loss of joint venture and associate (net of tax)	–	–	–	–
Finance costs	(401,721)	–	209,715	(192,006)
Profit before tax	664,500	–	–	874,215
Income tax expense	–	–	–	–
Profit for the period	664,500	–	209,715	874,215
Profit attributable to:				
Equity holders of the Company	674,009	57,542	209,715	941,266
Non-controlling interests	(9,509)	(57,542)	–	(67,051)
Profit for the period	664,500	–	209,715	874,215

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MOBILE CREDIT PAYMENT AND ITS SUBSIDIARIES**

**Unaudited pro forma consolidated statement of profit or loss and
other comprehensive income
For the six months period ended 30 June 2020**

	Unaudited consolidated statement of profit or loss and other comprehensive income	Pro forma adjustments		Unaudited pro forma consolidated statement of profit or loss and other comprehensive income
	\$	Note (a) \$	Note (b) \$	\$
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit of loss:</i>				
Foreign currency translation differences relating to financial statements of foreign subsidiaries and joint venture	33,873	–	–	33,873
Total comprehensive income for the period	<u>698,373</u>	<u>–</u>	<u>209,715</u>	<u>908,088</u>
Total comprehensive income attributable to:				
Equity holders of the Company	707,882	59,983	209,715	977,580
Non-controlling interests	(9,509)	(59,983)	–	(69,492)
Total comprehensive loss for the period	<u>698,373</u>	<u>–</u>	<u>209,715</u>	<u>908,088</u>

Notes:

- (a) Adjustment to reflect the allocation of losses and total comprehensive losses from the Group to the non-controlling interest amounting to \$57,542 and \$59,983 respectively following the change of effective interest in MCP Thailand from 100% to 73.98% after the restructuring exercise.
- (b) Adjustment to reverse the finance costs amounting to \$209,715 after the conversion of convertible bonds.

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MOBILE CREDIT PAYMENT AND ITS SUBSIDIARIES**

**Unaudited pro forma consolidated statement of cash flows
For the year ended 31 December 2019**

	Audited consolidated statement of cash flows	Pro forma adjustments			Unaudited pro forma statement of cash flows
	\$	Note (a) \$	Note (b) \$	Note (c) \$	\$
Cash flows from operating activities					
Loss before tax for the year	(1,544,096)	42,536	(47,012)	294,325	(1,254,247)
Adjustments for:					
Amortisation of intangible assets	460,962	–	–	–	460,962
Bad debt written off	2,972,958	–	47,012	–	3,019,970
Depreciation of property, plant and equipment	257,219	–	–	–	257,219
Impairment loss on goodwill	170,999	–	–	–	170,999
Interest income	(39,960)	–	–	–	(39,960)
Interest expense	819,372	–	–	(294,325)	525,047
Allowance of impairment losses on trade and other receivables, net	494,148	–	–	–	494,148
Share of results of joint venture and associate	654	–	–	–	654
Gain on disposal of subsidiaries	(1,685,340)	(42,536)	–	–	(1,727,876)
Gain on disposal of joint venture	(353,080)	–	–	–	(353,080)
Unrealised foreign exchange loss	150,485	–	–	–	150,485
	1,704,321	–	–	–	1,704,321
Changes in working capital:					
Trade and other receivables	(11,903,536)	–	–	–	(11,903,536)
Trade and other payables	20,643,437	–	–	–	20,643,437
Cash generated from operations	10,444,222	–	–	–	10,444,222
Income tax paid	(21,066)	–	–	–	(21,066)
Interest income	39,960	–	–	–	39,960
Interest paid	(72,887)	–	–	–	(72,887)
Net cash generated from operating activities	10,390,229	–	–	–	10,390,229
Cash flows from investing activities					
Purchase of property, plant and equipment	(3,009)	–	–	–	(3,009)
Disposal of subsidiaries, net of cash disposed	(57,116)	–	423,211	–	366,095
Proceeds from disposal of joint venture	353,080	–	–	–	353,080
Intangible assets	(10,000)	–	–	–	(10,000)
Net cash from investing activities	282,955	–	–	–	706,166

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**Unaudited pro forma consolidated statement of cash flows
For the year ended 31 December 2019**

	Audited consolidated statement of cash flows	Pro forma adjustments			Unaudited pro forma statement of cash flows
	\$	Note (a) \$	Note (b) \$	Note (c) \$	\$
Cash flows from financing activities					
Drawdown of loans and borrowings	200,000	–	–	–	200,000
Repayment of lease liabilities	(42,266)	–	–	–	(42,266)
Repayment of loans and borrowings	(523,968)	–	–	–	(523,968)
Repayment of convertible bonds	(200,000)	–	–	–	(200,000)
Net cash used in financing activities	(566,234)	–	–	–	(566,234)
Net increase in cash and cash equivalents	10,106,950	–	423,211	–	10,530,161
Effect of exchange rate fluctuations on cash held	(80,069)	–	–	–	(80,069)
Cash and cash equivalents at beginning of financial year	1,419,536	–	–	–	1,419,536
Cash and cash equivalents at end of financial year	11,446,417	–	423,211	–	11,869,628

Notes:

- (a) Adjustment to the foreign exchange differences amounting to \$42,536 arising from gain on disposal of MC Payment Pty Ltd.
- (b) Adjustments to reflect (i) the losses from the reduction in loan amount of \$47,012; (ii) the cash receipt from repayment of loan principal extended to the non-controlling shareholder of MCP Thailand amounting to \$423,211.
- (c) Adjustment to reverse the finance costs of \$294,325 after conversion of convertible bonds.

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**Unaudited pro forma consolidated statement of cash flows
For the six months period ended 30 June 2020**

	Unaudited consolidated statement of cash flows	Pro forma adjustments		Unaudited pro forma statement of cash flows
	\$	Note (a) \$	Note (b) \$	\$
Cash flows from operating activities				
Profit before tax for the period	664,500	–	209,715	874,215
Adjustments for:				
Amortisation of intangible assets	259,994	–	–	259,994
Depreciation of property, plant and equipment	78,860	–	–	78,860
Interest income	(74,975)	–	–	(74,975)
Interest expense	321,018	–	(209,715)	111,303
Reversal of impairment losses on trade and other receivables, net	(9,281)	–	–	(9,281)
Unrealised foreign exchange gain	(294,444)	–	–	(294,444)
	945,672	–	–	945,672
Changes in working capital:				
Trade and other receivables	2,264,895	–	–	2,264,895
Trade and other payables	(2,432,215)	–	–	(2,432,215)
Cash generated from operations	778,352	–	–	778,352
Interest income	74,975	–	–	74,975
Interest paid	(61,903)	–	–	(61,903)
Net cash generated from operating activities	791,424	–	–	791,424
Cash flows from investing activities				
Purchase of property, plant and equipment	(4,116)	–	–	(4,116)
Proceeds from disposal of subsidiary	–	–	–	–
Net cash used in investing activities	(4,116)	–	–	(4,116)

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**Unaudited pro forma consolidated statement of cash flows
For the six months period ended 30 June 2020**

	Unaudited consolidated statement of cash flows	Pro forma adjustments		Unaudited pro forma statement of cash flows
	\$	Note (a) \$	Note (b) \$	\$
Cash flows from financing activities				
Repayment of lease liabilities	(22,088)	–	–	(22,088)
Repayment of loans and borrowings	(400,000)	–	–	(400,000)
Net cash used in financing activities	(422,088)	–	–	(422,088)
Net increase in cash and cash equivalents	365,220	–	–	365,220
Effect of exchange rate fluctuations on cash held	328,947	–	–	328,947
Cash and cash equivalents at beginning of financial period	11,446,417	423,211	–	11,869,628
Cash and cash equivalents at end of financial period	12,140,584	–	–	12,563,795

Notes:

- (a) Adjustment to reflect the cash receipt from repayment of loan principal extended to the non-controlling shareholder of MCP Thailand amounting to \$423,211 to the cash and cash equivalents at beginning of financial period.
- (b) Adjustment to reverse the finance costs of \$209,715 after conversion of convertible bonds.

APPENDIX E – IFA LETTER

RHT CAPITAL PTE. LTD.
(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
6 Raffles Quay, #24-02
Singapore 048580

31 December 2020

To: The Independent Directors of Artivision Technologies Ltd.
(deemed to be independent in respect of the Proposed Allotment and Issuance of Settlement Shares)

Mr Ng Weng Sui Harry (Non-Executive Chairman and Independent Director)
Mr Kesavan Nair (Non-Executive Independent Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE PROPOSED ALLOTMENT AND ISSUANCE OF SETTLEMENT SHARES AS AN INTERESTED PERSON TRANSACTION

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 31 December 2020 issued by Artivision Technologies Ltd. to its shareholders shall have the same meaning herein.

1. INTRODUCTION

On 31 October 2017 (“**HOA Announcement Date**”), the board of directors (“**Directors**”) of Artivision Technologies Ltd. (“**Company**”, together with its subsidiaries, “**Group**”) announced that the Company had entered into a non-binding heads of agreement (“**HOA**”) with Mobile Credit Payment Pte. Ltd. (“**Target**”, together with its subsidiaries and the Group, “**Enlarged Group**”) in respect of the proposed acquisition by the Company of all the ordinary shares and convertible bonds (“**Proposed Acquisition**”) issued by the Target (“**HOA Announcement**”). The Proposed Acquisition, if undertaken and completed, would be deemed as a reverse takeover of the Company as defined under Chapter 10 of the Listing Manual, Section B: Rules of the Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). As a term of the Proposed Acquisition, the Company had agreed that the Group shall not have any bonds, options or any securities convertible into shares of the Company (“**Shares**”) in issue as at the completion of the Proposed Acquisition (“**Convertibles Requirement**”), save for any options issued under the employee share option plan of the Company approved by the shareholders of the Company (“**Shareholders**”) on 21 October 2007 (“**ESOP**”) prior to the HOA Announcement Date.

On 2 May 2018 (“**SPA Announcement Date**”), the Company announced that it had on 27 April 2018 entered into a conditional sale and purchase agreement (“**SPA**”) with the Target and the shareholders and bondholders of the Target (collectively, “**Vendors**”) in relation to the Proposed Acquisition (“**SPA Announcement**”). In connection with the Proposed Acquisition, the Company further proposed to undertake a consolidation of every fifty existing Shares into one (1) consolidated Share (“**Consolidated Shares**”) to comply with the minimum issue price of S\$0.20 per Share pursuant to Rule 1015(3)(c) of the Catalist Rules (“**Proposed Share Consolidation**”). On 17 September 2019 (“**Amended SPA Announcement Date**”), the Company further announced that it had on 11 September 2019 entered into an amended and restated conditional sale and purchase agreement (“**Amended and Restated SPA**”) with the Target and the Vendors in relation to the Proposed Acquisition which superseded the SPA wherein certain terms and conditions of the SPA were revised including the Settlement Share Issue Price (as defined below) (“**Amended SPA Announcement**”).

APPENDIX E – IFA LETTER

The Company subsequently announced that it had on: (i) 31 January 2020 entered into a supplemental agreement with the parties to the Amended and Restated SPA to extend the long-stop date to fulfil the conditions precedent under the Amended and Restated SPA for eight (8) months from 31 January 2020 to 30 September 2020; (ii) 25 September 2020 entered into a second supplemental agreement with the parties to the Amended and Restated SPA to extend the long-stop date to fulfil the conditions precedent under the Amended and Restated SPA for a further three (3) months from 30 September 2020 to 31 December 2020; and (iii) 30 December 2020 entered into a third supplemental agreement with the parties to the Amended and Restated SPA to extend the long-stop date to fulfil the conditions precedent under the Amended and Restated SPA for a further two (2) months from 31 December 2020 to 28 February 2021.

Separately, pursuant to the Amended and Restated SPA and in connection with the Proposed Acquisition, the Company had on 12 September 2019 entered into a settlement agreement with Mr Ching Chiat Kwong (“**Mr Ching**”), a controlling Shareholder of the Company, to enable the Company to satisfy the Convertibles Requirement (“**Settlement Agreement**”). Pursuant to the Settlement Agreement and on a post-Proposed Share Consolidation basis, Mr Ching will acquire all the bonds and options issued by the Company in consideration of the settlement sum of S\$10.0 million (“**Settlement Sum**”) to be satisfied by the allotment and issuance of 64,516,129 Shares (“**Settlement Shares**”) at an issue price of S\$0.155 per Settlement Share (“**Settlement Share Issue Price**”) by the Company to Mr Ching (“**Proposed Allotment and Issuance of Settlement Shares**”). For avoidance of doubt, the Settlement Share Issue Price on a pre-Proposed Share Consolidation basis is S\$0.0031. For completeness, all the options issued by the Company had expired on 4 April 2020 and accordingly no options will be acquired. Further details of the Proposed Allotment and Issuance of Settlement Shares are set out in Paragraph 4 of this letter (“**Letter**”).

As at 17 December 2020, being the “**Latest Practicable Date**”, Mr Ching is a controlling Shareholder and holds 395,068,911 Shares, representing approximately 22.0% of the issued and paid-up share capital of the Company comprising of 1,797,792,986 Shares (“**Existing Share Capital**”) on a pre-Proposed Share Consolidation basis. Accordingly, Mr. Ching is deemed as an interested person (“**Interested Person**”) as defined under Chapter 9 of the Catalist Rules and the Proposed Allotment and Issuance of Settlement Shares is deemed as an interested person transaction (“**Interested Person Transaction**”).

Based on the latest audited financial statements of the Group, prior to the Settlement Agreement, for the financial year (“**FY**”) ended 31 March 2019, the audited net tangible liabilities (“**NTL**”) of the Group was approximately S\$7.8 million as at 31 March 2019. The aggregate consideration under the Settlement Agreement for Mr Ching to acquire all of the bonds and options issued by the Company is S\$10.0 million. Pursuant to Rules 905 and 906 of the Catalist Rules, the benchmark against which the value of an Interested Person Transaction should be measured in determining whether an immediate announcement should be made and/or shareholders’ approval should be obtained, is that of the “latest audited net tangible assets” of the issuer group. As the Group recorded NTL as at 31 March 2019, the materiality of the Proposed Allotment and Issuance of Settlement Shares as an interested person transaction under Chapter 9 of the Catalist Rules cannot be meaningfully measured. Notwithstanding the foregoing, the Company will convene an extraordinary general meeting of the Company (“**EGM**”) to seek the approval of the Shareholders, who are independent of the Proposed Allotment and Issuance of Settlement Shares (“**Independent Shareholders**”), for the proposed allotment and issuance of the Settlement Shares to Mr Ching at the EGM. For avoidance of doubt, the Group remained in a net tangible liability position of approximately S\$9.4 million as at 31 March 2020.

In addition, pursuant to Rule 919 of the Catalist Rules, the Interested Person and their associates are required to abstain from voting on the resolution approving the Interested Person Transaction. Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company is required to appoint an independent financial adviser (“**IFA**”) to advise the Directors who are deemed to be independent with respect to the Proposed Allotment and Issuance of Settlement Shares (“**Independent Directors**”) as to whether the Proposed Allotment and Issuance of Settlement Shares is on normal commercial terms and is prejudicial to the interests of the Company and its Independent Shareholders.

APPENDIX E – IFA LETTER

Accordingly, RHT Capital Pte. Ltd. (“**RHTC**”) has been appointed by the Company as the IFA to the Independent Directors to render an opinion on whether the Proposed Allotment and Issuance of Settlement Shares, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Independent Shareholders.

For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Proposed Acquisition and our opinion on the Proposed Allotment and Issuance of Settlement Shares is not meant to express a view or opinion on the Proposed Acquisition.

In relation to the ordinary resolution to be tabled at the EGM in connection with the Proposed Allotment and Issuance of Settlement Shares, Mr Ching will abstain, and will procure that his associates and nominees abstain from voting in respect of their shareholdings in the Company on the ordinary resolution. Mr Ng Weng Sui Harry and Mr Kesavan Nair are deemed to be the Independent Directors with respect to the Proposed Allotment and Issuance of Settlement Shares and will be making a recommendation on the relevant resolution in relation to the Proposed Allotment and Issuance of Settlement Shares.

This Letter is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Allotment and Issuance of Settlement Shares as an Interested Person Transaction. This Letter forms part of the circular to Shareholders (“**Circular**”) which provides, *inter alia*, the details of the Proposed Allotment and Issuance of Settlement Shares and the recommendation of the Independent Directors thereon.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors in respect of the Proposed Allotment and Issuance of Settlement Shares as an Interested Person Transaction. The purpose of this Letter is to provide an independent opinion, for the purpose of Chapter 9 of the Catalist Rules, on whether the Proposed Allotment and Issuance of Settlement Shares, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Independent Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Allotment and Issuance of Settlement Shares, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Allotment and Issuance of Settlement Shares. We do not, by this Letter, warrant the merits of the Proposed Allotment and Issuance of Settlement Shares other than to form an opinion on the Proposed Allotment and Issuance of Settlement Shares as an Interested Person Transaction for the purposes of Chapter 9 of the Catalist Rules.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Allotment and Issuance of Settlement Shares or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

APPENDIX E – IFA LETTER

In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company and/or the Group. We have also relied on information provided and representations made by the Directors, Management and the Company's advisers, including but not limited to its solicitors and/or auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the accuracy and reliability of the information.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular (including this Letter) which relate to the Proposed Allotment and Issuance of Settlement Shares, the Company and/or the Group are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular (including this Letter) misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Allotment and Issuance of Settlement Shares and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company and/or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion in this Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this Letter is based upon the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of the Latest Practicable Date, being 17 December 2020. Such conditions may change significantly over a relatively short period of time. **We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.** Independent Shareholders should further take note of any announcements relevant to their consideration of the Proposed Allotment and Issuance of Settlement Shares which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter set out in the Circular). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter set out in the Circular).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders' resolution in relation to the Proposed Allotment and Issuance of Settlement Shares as an Interested Person Transaction at any time and in any manner without the prior written consent of RHTC in each specific case.

APPENDIX E – IFA LETTER

This Letter sets out, *inter alia*, our opinion on whether Proposed Allotment and Issuance of Settlement Shares, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Independent Shareholders, and should be considered in the context of the entirety of this Letter and the Circular.

For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Proposed Acquisition and our opinion on the Proposed Allotment and Issuance of Settlement Shares is not meant to express a view or opinion on the Proposed Acquisition.

3. INFORMATION ON THE COMPANY AND THE GROUP

3.1 Background of the Company and the Group

The Company was incorporated in Singapore on 7 June 2004 and was listed on the Catalist Board of the SGX-ST on 18 August 2008.

Following the completion of its disposal of the entire issued and paid-up share capital of Artimedia Pte. Ltd. (“**Artimedia**”), a wholly owned subsidiary of the Group, on 11 August 2017 and the decision to not renew the exclusive agreement entered into by Colibri Assembly (Thailand) Co., Ltd. (“**CAT**”), a wholly owned subsidiary of the Group, with its only contract manufacturing customer as announced by the Company on 25 October 2017, the Company ceased to have any operating subsidiaries or businesses and was deemed as a cash company pursuant to Rule 1017 of the Catalist Rules with effect from 27 February 2018. Prior to 27 February 2018, the Group was primarily involved in the development and business of video advertising platform which generated advertising revenue.

Notwithstanding that the Company is deemed as a cash company, as announced on 5 April 2018, the Company had sought approval from the SGX-ST to continue trading its Shares after becoming a cash company pursuant to Rule 1017 of the Catalist Rules. As at the Latest Practicable date, the Company has an Existing Share Capital comprising 1,797,792,986 Shares. Based on the latest transacted Share price of S\$0.012 and the Existing Share Capital as at the Latest Practicable Date, the market capitalisation of the Company was approximately S\$21.6 million.

3.2 Extensions from SGX-ST pursuant to Rule 1017(2) of the Catalist Rules

Pursuant to Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the official list of issuers on the Catalist Board of the SGX-ST if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The Company had proposed to undertake the Proposed Acquisition to meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules.

As set out in Section 3.2 of the Circular, since becoming deemed as a cash company with effect from 27 February 2018, the Company had:

- (i) on 15 April 2019 announced that it had applied for and the SGX-ST had on 12 April 2019 granted a six (6) month extension of time from 1 March 2019 to 31 August 2019;
- (ii) on 8 October 2019 announced that it had sought a second extension and the SGX-ST had on 4 October 2019 granted a further six (6) month extension of time from 31 August 2019 to 29 February 2020;
- (iii) on 9 March 2020 announced that it had sought a third extension and the SGX-ST had on 6 March 2020 granted a further six (6) month extension of time from 29 February 2020 to 31 August 2020; and

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- (iv) on 26 August 2020 announced that it had sought a fourth extension and the SGX-ST had on 2 September 2020 granted a further six (6) month extension of time from 31 August 2020 to 28 February 2021 (“**Fourth Extension**”),

for the Company to complete the Proposed Acquisition and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules.

We note that, in the Fourth Extension, the SGX-ST had further stated that it will not grant any further extension for the Company to complete the Proposed Acquisition and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules.

3.3 Fund-raising exercises undertaken by the Group

In the past five (5) years, the Company had undertaken various fund-raising exercises which have been summarised below:

Announcement date	Fund-raising exercise	Details
18 April 2015	Grant of convertible loan and options to subscribe for new Shares of the Company	<p>The Company entered into a convertible loan agreement (“Loan Agreement”) with NCL Housing Pte. Ltd. (“NCL”) pursuant to which NCL agreed to grant the Company a convertible loan of a principal amount of up to US\$4.0 million (“April 2015 Convertible Loan”) convertible into 42,462,845 new Shares at the option of NCL at a conversion price of US\$0.0942 per new Share.</p> <p>Pursuant to the Loan Agreement, the Company further granted NCL the right to subscribe for 21,231,422 new Shares at an exercise price of US\$0.0942 per new Share (“April 2015 Options”).</p> <p>For avoidance of doubt, (i) the April 2015 Convertible Loan were redeemed in full on 16 April 2017; and (ii) the April 2015 Options were not exercised and expired on 16 April 2017.</p>
22 September 2015	Issuance of bonds and grant of options to subscribe for new Shares of the Company	<p>The Company entered into a subscription agreement with Mr Ho Kok Fi John and Mr Lim Chye Huat @ Bobby Lim Chye Huat (collectively, “September 2015 Subscribers”), pursuant to which the September 2015 Subscribers agreed to subscribe for bonds in aggregate principal amount of S\$4.0 million to be issued by the Company at a subscription price of 80.0% of the principal amount of the bonds (“September 2015 Bonds”).</p> <p>The Company further entered into an option deed with the September 2015 Subscribers, pursuant to which the Company had granted the September 2015 Subscribers a total of 30,000,000 share options, with each share option carrying the right to subscribe for one (1) new Share of the Company at an exercise price of S\$0.10 per new Share (“September 2015 Options”).</p> <p>For avoidance of doubt, (i) the September 2015 Bonds were redeemed in full on 21 September 2016; and (ii) the September 2015 Options were not exercised and expired on 21 September 2017.</p>

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Announcement date	Fund-raising exercise	Details
31 December 2015	Issuance of bonds and grant of options to subscribe for new Shares of the Company	<p>The Company entered into two (2) separate subscription agreements with Mr Low See Ching (“Mr Low”) and Ms Poh Chew Hua Christine (“Ms Poh”) (collectively, “December 2015 Subscribers”) respectively, pursuant to which the December 2015 Subscribers agreed to subscribe for bonds in aggregate principal amount of S\$4.5 million to be issued by the Company at a subscription price of 100.0% of the principal amount of the bonds (“December 2015 Bonds”).</p> <p>The Company further entered into two (2) separate option deeds with the December 2015 Subscribers respectively, pursuant to which the Company had granted the December 2015 Subscribers a total of 33,750,000 share options, with each share option carrying the right to subscribe for one (1) new Share of the Company at an exercise price of S\$0.10 per new Share (“December 2015 Options”).</p> <p>For avoidance of doubt, (i) the December 2015 Bonds for Mr Low were redeemed by way of set-off against the subsequent subscription of the December 2016 Bonds (as defined below); (ii) the December 2015 Bonds for Ms Poh were redeemed in full on 11 August 2017 following multiple extension of the repayment date; and (iii) the December 2015 Options were not exercised and expired on 30 December 2017.</p>
18 March 2016	Proposed renounceable non-underwritten rights issue	<p>The Company undertook a renounceable non-underwritten rights issue of up to 876,931,404 new Shares of the Company (“Rights Shares”) at an issue price of S\$0.03 for each Rights Share, on the basis of five (5) Rights Shares for every six (6) existing Shares of the Company (“2016 Rights Issue”).</p> <p>As an indication of support for the Rights Issue and to demonstrate their commitment to and confidence in the prospects of the Group, Algotech Holdings Ltd, Mr Soh Sai Kiang Philip, Dr Ofer Miler, Mr Ching and Mr Goh Tze Seoh Kenneth, each provided an irrevocable undertaking to the Company, <i>inter alia</i>, to subscribe and/or cause to be subscribed for on their behalf the Right Shares which they are each entitled to.</p> <p>The 2016 Rights Issue was under-subscribed with subscription rate of 58.1% and net proceeds of S\$12.9 million raised of which S\$2.8 million was used to set off against shareholders’ loans owned by the Company.</p>

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Announcement date	Fund-raising exercise	Details
29 December 2016	Placement of new Shares, issuance of bonds and grant of options to subscribe for new Shares of the Company	<p>The Company entered into two (2) separate share placement agreements with Mr Ching and Ms Poh (collectively, "December 2016 Placees") respectively, pursuant to which the December 2016 Placees agreed to subscribe for, and the Company agreed to allot and issue 246,913,580 new Shares of the Company ("Placement Shares") to Mr Ching and 30,864,197 Placement Shares to Ms Poh, at a placement price of S\$0.0162 for each Placement Share ("2016 Placement").</p> <p>Separately, the Company entered into two (2) separate subscription agreements with Mr Low and Mr Tee Wee Sien ("Mr Tee") (collectively, "December 2016 Subscribers") respectively, pursuant to which the December 2016 Subscribers agreed to subscribe for bonds in aggregate principal amount of S\$4.9 million to be issued by the Company at a subscription price of 100.0% of the principal amount of the bonds ("December 2016 Bonds"). Mr Low and Mr Tee had subscribed for S\$2.9 million and S\$2.0 million of the December 2016 Bonds respectively.</p> <p>The Company further entered into two (2) separate option deeds with the December 2016 Subscribers respectively, pursuant to which the Company had granted the December 2016 Subscribers a total of 740,740,740 share options, with each share option carrying the right to subscribe for one (1) new Share of the Company at an exercise price of S\$0.0162 per new Share ("December 2016 Options").</p> <p>For avoidance of doubt, (i) the December 2016 Bonds have not been redeemed and the repayment date was extended to 31 July 2021 following multiple extensions and Mr Low had on 31 March 2020 transferred all of his December 2016 Bonds to Mr Tee; (ii) 370,370,370 of the December 2016 Bonds for Mr Low were not exercised and expired on 29 December 2019; and (iii) 185,185,185 of the December 2016 Options for Mr Tee were exercised on 11 April 2017 while the remaining 185,185,185 of the December 2016 Options were not exercised and expired on 18 January 2020.</p>
6 April 2017	Issuance of bonds and grant of options to subscribe for new Shares of the Company	<p>The Company entered into a subscription agreement with Mr Tang Boo Teck ("April 2017 Subscriber"), pursuant to which the April 2017 Subscriber agreed to subscribe for bonds in aggregate principal amount of S\$2.0 million to be issued by the Company at a subscription price of 100.0% of the principal amount of the bonds ("April 2017 Bonds").</p> <p>The Company further entered into an option deed with the April 2017 Subscriber, pursuant to which the Company had granted the April 2017 Subscriber a total of 200,000,000 share options, with each share option carrying the right to subscribe for one (1) new Share of the Company at an exercise price of S\$0.0216 per new Share ("April 2017 Options").</p> <p>For avoidance of doubt, (i) the April 2017 Bonds have not been redeemed and the repayment date was extended to 31 July 2021 following multiple extensions and the April 2017 Subscriber had on 31 March 2020 transferred all of his April 2017 Bonds to Mr Tee; and (ii) the April 2017 Options were not exercised and expired on 4 April 2020.</p>

Based on the above, we note that the Company has the following outstanding securities in issue as at the Latest Practicable Date:

- (i) the December 2016 Bonds amounting to approximately S\$6.9 million, comprising the principal amount of S\$4.9 million and accrued interest of S\$2.0 million up to the Latest Practicable Date; and

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- (ii) the April 2017 Bonds amounting to approximately S\$3.1 million, comprising the principle amount of S\$2.0 million and accrued interest of S\$1.1 million up to the Latest Practicable Date.

Accordingly, as at the Latest Practicable Date, the total aggregate outstanding securities in issue, including the accrued interest up to the Latest Practicable Date, amounts to approximately S\$10.0 million (“**Company Bonds**”).

For avoidance of doubt, as at the HOA Announcement Date, the outstanding securities further comprised the outstanding options issued under the ESOP, the December 2015 Options, the December 2016 Options and the April 2017 Options of which the December 2016 Options and the April 2017 Options (collectively, “**Company Options**”) were to be acquired by Mr Ching pursuant to the Settlement Agreement. For completeness, all the options issued by the Company had expired on 4 April 2020.

3.4 Financial support provided by Mr Ching to the Group

Since 2012, Mr Ching has been continuously providing financial support to the Group. As at the Latest Practicable Date, Mr Ching has in aggregate invested approximately S\$11.7 million while providing further loans of approximately S\$559,450 since the Company became deemed as a cash company.

Further details on the various investments and loans provided by Mr Ching are set out below, where he had:

- (i) entered into a convertible loan agreement in 2012 with the Company pursuant to which Mr Ching granted a convertible loan to the Company of a principal amount of S\$5.0 million which were subsequently converted into Shares of the Company resulting in Mr Ching becoming a substantial Shareholder of the Company;
- (ii) provided an irrevocable undertaking pursuant to a proposed renounceable and partially underwritten rights issue undertaken by the Company in 2014 to: (a) fully subscribe for all of his rights shares entitlement; (b) the rights shares entitlement of Algotech Holdings Ltd which had been irrevocably and unconditionally renounced in favour of him; and (c) make applications and/or procure that applications be made for 80,000 excess rights shares, amounting to an aggregate investment of approximately S\$652,360 as an indication of support;
- (iii) provided an irrevocable undertaking pursuant to the 2016 Rights Issue to fully subscribe for all of his Rights Shares entitlement amounting to an aggregate investment of approximately S\$2.0 million as an indication of support;
- (iv) invested approximately S\$4.0 million pursuant to the 2016 Placement where he agreed to subscribe for, and the Company agreed to allot and issue 246,913,580 Placement Shares resulting in Mr Ching becoming a controlling Shareholder of the Company;
- (v) provided an undertaking to the Company since April 2018 to provide adequate funds to the Group to enable it to pay its liabilities as and when they fall due and continue operating on a going concern basis pursuant to one (1) of the conditions set out by the SGX-ST in respect of the application by the Company: (a) for waiver from compliance with Rule 1017(1)(a) of the Catalyst Rules; and (b) for continued trading of the Shares of the Company after the Company becomes a cash company pursuant to Rule 1017 of the Catalyst Rules as announced on 5 April 2018 (“**SGX No Objection Letter**”);
- (vi) entered into an unsecured loan agreement in March 2019 with the Company pursuant to which Mr Ching granted a loan to the Company of a principal amount of S\$300,000 to be disbursed in monthly instalments of S\$50,000 per month beginning from the month of March 2019, at an interest rate of 10% per annum; and

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- (vii) extended additional unsecured loans in October 2019, March 2020 and July 2020 amounting to an aggregate of S\$47,450, S\$70,000 and S\$142,000 respectively, at an interest rate of 10% per annum, to the Company for the purpose of paying legal and professional fees.

As at the Latest Practicable Date, the market capitalisation of the Company is approximately S\$21.6 million. Accordingly, the 22.0% shareholding interest of Mr Ching in the Company will be valued at approximately S\$4.7 million.

Further, as set out in Section 6.1 of the Circular, Mr Ching had on 2 March 2020 undertaken to either: (a) invest or procure the investment of up to S\$4.0 million for the subscription of new Shares in the Company; or (b) procure the full conversion of the convertible bonds issued by the Target held by Mr Tee, a bondholder and Shareholder of the Company, and Mr Low, a bondholder of the Company, into shares of the Target, prior to the completion of the Proposed Acquisition (“**Completion**”), so that the Enlarged Group shall be in a positive equity position immediately after the Completion, subject to his post-Completion shareholding in the Company being less than 30.0% (“**Mr Ching Placement Undertaking**”).

As at the Latest Practicable Date, Mr Tee has converted his convertible bonds issued by the Target amounting to approximately S\$3.4 million (inclusive of accrued interests) into shares of the Target while Mr Low has indicated his intention to elect to redeem his convertible bonds issued by the Target after the Completion. In view of the foregoing, Mr Ching has on 23 December 2020 entered into a placement agreement with the Company pursuant to which Mr Ching has agreed to subscribe for 62,305,295 new Shares, on a pre-Proposed Share Consolidation basis, at the placement price of S\$0.00963 per new Share (“**Placement Price**”) for an aggregate consideration of S\$0.6 million, being S\$4.0 million less the amount of S\$3.4 million of the convertible bonds (including accrued interests) of Mr Tee (“**Mr Ching Placement**”). For avoidance of doubt, the Mr Ching Placement is subject to the approval of the Shareholders at the EGM. We note that the Placement Price represents a discount of 10.0% to the volume-weighted average price (“**VWAP**”) of S\$0.0107 per Share for trades done on the SGX-ST on 23 December 2020, being the full market day on which the placement agreement was signed. Further details on the Mr Ching Placement Undertaking and the Mr Ching Placement are set out in Section 6 of the Circular.

4. PROPOSED ALLOTMENT AND ISSUANCE OF SETTLEMENT SHARES

The details of the Proposed Allotment and Issuance of Settlement Shares which have been are set out in Section 5.1 of the Circular has been extracted and reproduced in italics below:

“5.1 Background to the Proposed Allotment and Issuance of the Settlement Shares

*As a term of the Proposed Acquisition, the Company has agreed that the Group shall not have any bonds, options or any securities convertible into shares of the Company in issue as at Completion (the “**Convertibles Requirement**”). Accordingly, the Company had on 12 September 2019, entered into the Settlement Agreement with Mr. Ching pursuant to which Mr. Ching shall acquire all of the outstanding bonds (the “**Company Bonds**”) and options (the “**Company Options**”) issued by the Company for the Settlement Sum of S\$10.0 million as at Completion. The amount of outstanding Company Bonds (including accrued interests) as at the Latest Practicable Date is approximately S\$10.0 million. No Company Options will be acquired as all Company Options had expired on 4 April 2020.*

The Settlement Sum shall be satisfied in full by the allotment and issuance of 64,516,129 Settlement Shares to Mr. Ching at the Settlement Shares Issue Price of S\$0.155 per Settlement Share.

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The Settlement Sum and the Settlement Shares Issue Price were determined, taking into account the Convertibles Requirement, the financial support provided by Mr. Ching to the Group in the previous three financial years ended 31 March 2019, and the rationale for and the benefits of the Proposed Acquisition and the Settlement Agreement.”

For avoidance of doubt, the Settlement Share Issue Price is S\$0.0031 on a pre-Proposed Share Consolidation basis. For the purposes of our evaluation, we will be making an assessment of the Settlement Share Issue Price on a pre-Proposed Share Consolidation basis.

5. EVALUATION OF THE PROPOSED ALLOTMENT AND ISSUANCE OF SETTLEMENT SHARES

In our evaluation of the Proposed Allotment and Issuance of Settlement Shares, we have given due consideration to, *inter alia*, the following key factors:

- (i) Rationale for the Proposed Allotment and Issuance of Settlement Shares;
- (ii) Financial assessment of the terms of the Proposed Allotment and Issuance of Settlement Shares;
- (iii) Convertibles Requirement of the Proposed Acquisition;
- (iv) Track record of financial support provided by Mr Ching;
- (v) Moratorium of the Settlement Shares;
- (vi) Proposed Allotment and Issuance of Settlement Shares being the most appropriate option;
- (vii) Financial effects of the Proposed Allotment and Issuance of Settlement Shares; and
- (viii) Other relevant considerations in relation to the Proposed Allotment and Issuance of Settlement Shares.

5.1 Rationale for the Proposed Allotment and Issuance of Settlement Shares

The rationale for the Proposed Allotment and Issuance of Settlement Shares which has been set out in Section 5.2 of the Circular has been extracted and reproduced in italics below:

“5.2 Rationale for the Proposed Allotment and Issuance of the Settlement Shares

The Settlement Agreement would enable the Company to fulfil the Convertibles Requirement under the terms of the Proposed Acquisition. It provides the Vendors with certainty that the Company would be relieved of substantial liabilities, as well as assurance of the support of a Controlling Shareholder who can bring additional value to the Enlarged Group. It is a demonstration of Mr. Ching’s confidence in the growth and prospects of the Target Group, and also ensures that his commercial interest will continue to be aligned with that of the Enlarged Group.

As the current executive chairman and chief executive officer of Mainboard-listed Oxley Holdings Limited, Mr. Ching is a veteran in the corporate arena with a keen ability to identify market trends and business opportunities.

Mr. Ching has also previously introduced investors to support the Target Group’s business. The Board believes that the Enlarged Group will be able to continue to leverage on Mr. Ching’s extensive network and business experience to create business and investment opportunities for the Target Group’s growing payment solutions business.

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For the avoidance of doubt, no introducer fees have been or will be paid to Mr. Ching in respect of the aforementioned fund-raising activities of the Target Group.”

5.2 Financial assessment of the terms of the Proposed Allotment and Issuance of Settlement Shares

In assessing the terms of the Proposed Allotment and Issuance of Settlement Shares, we have considered the following:

- (i) Historical trading performance of the Shares;
- (ii) Financial performance and position of the Group; and
- (iii) NTL per Share of the Company.

5.2.1 Historical trading performance of the Shares

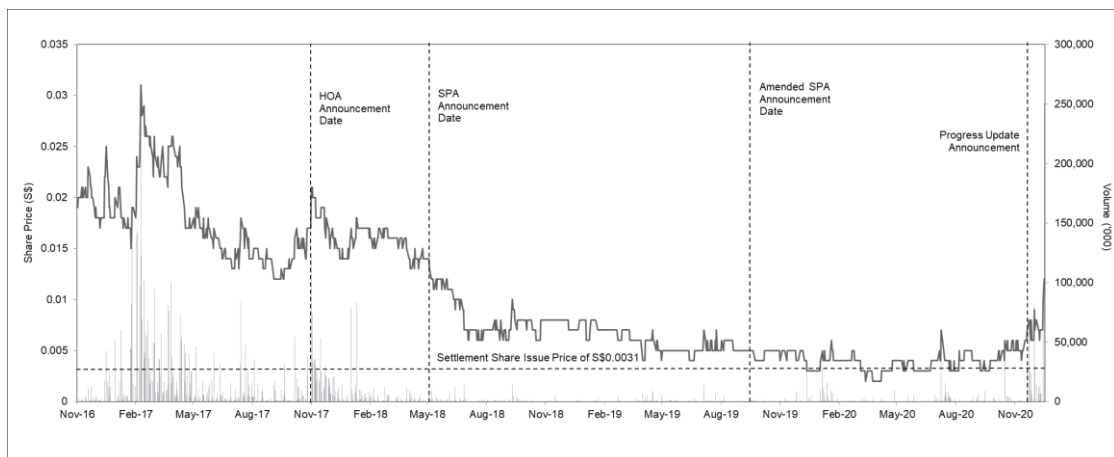
In assessing the Settlement Share Issue Price of the Proposed Allotment and Issuance of Settlement Shares, we have compared them against the historical market performance of the Shares and the historical Share trading volume for the period commencing from 1 November 2016, being one (1) year prior to the HOA Announcement Date, and ending on the Latest Practicable Date (“**Period Under Review**”). For avoidance of doubt, for the purposes of our evaluation, we will be making an assessment of the Settlement Share Issue Price on a pre-Proposed Share Consolidation basis.

During the Period Under Review, we note that the Shares were halted during the periods from 27 October 2017 to 31 October 2017, 27 April 2018 to 2 May 2018, 12 September 2019 to 17 September 2019 (before trading hours) and 23 November 2020 (half day) in respect of the release of the HOA Announcement, SPA Announcement, Amended SPA Announcement and Progress Update Announcement (as defined below) by the Company respectively.

We note that the Company had on 23 November 2020 announced, *inter alia*, that it had: (i) through its sponsor and financial adviser, completed the pre-clearance consultation on certain matters in connection with the Proposed Acquisition with the SGX-ST; and (ii) on the same day submitted the pre-admission notification (including the draft Circular and other relevant documents) in connection with the Proposed Acquisition to the SGX-ST and intended to despatch the Circular to Shareholders and seek their approval on, *inter alia*, the Proposed Acquisition by 31 December 2020 (“**Progress Update Announcement**”).

We set out below a historical chart showing the Settlement Share Issue Price relative to the daily last transacted prices and trading volume of the Shares for the Period Under Review.

Price and traded volume of the Shares for the Period Under Review



Source: Shareinvestor.com

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Based on the Share price chart, the Shares were trading above the Settlement Share Issue Price of S\$0.0031 during the Period Under Review except during the periods between 13 December 2019 to 22 September 2020 where the Share price fluctuated between a range of S\$0.002 to S\$0.007. During the Period Under Review, we note that the Share price had traded within a range of S\$0.002 to S\$0.031 and had been on a decreasing trend since the HOA Announcement Date till the release of the Progress Update Announcement.

For avoidance of doubt, during the Period Under Review, the Settlement Share Issue Price was revised from S\$0.014 pursuant to the HOA to S\$0.005 pursuant to the SPA and subsequently to S\$0.0031 pursuant to the Amended and Restated SPA.

Following the release of the Amended SPA Announcement, the Share price increased by 40.0% from S\$0.005 to S\$0.007 based on the closing price on 10 September 2019, being the last trading date prior to the release of the Amended SPA Announcement and 20 November 2020, being the last trading date prior to the release of the Progress Update Announcement (“**Last Unaffected Trading Day**”), respectively. After the release of the Progress Update Announcement and up to the Latest Practicable Date, the Share price increased by 71.4% from S\$0.007 to S\$0.012. The Settlement Share Issue Price of S\$0.0031 represents a discount of 74.2% to the Share price of S\$0.012 as at the Latest Practicable Date. We further note that the Shares had exhibited low trading liquidity following the release of the SPA Announcement till the release of the Progress Update Announcement.

Market Statistics

In addition to the Share price chart above, we have tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares for the period commencing from 18 September 2018, being one (1) year prior to the Amended SPA Announcement Date, and ending on the Last Unaffected Trading Day and the Latest Practicable Date:

Reference period	VWAP ⁽¹⁾	(Discount of the Settlement Share Issue Price to VWAP)	Lowest transacted price	Highest transacted price	Number of traded days	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float ⁽³⁾
	(S\$)	(%)	(S\$)	(S\$)		('000)	(%)
Prior to the Amended SPA Announcement Date							
Last 1 month	0.0051	(39.2)	0.0050	0.0060	8	270	0.02
Last 3 months	0.0059	(47.5)	0.0040	0.0080	33	1,200	0.10
Last 6 months	0.0057	(45.6)	0.0040	0.0080	60	1,609	0.13
Last 1 year	0.0061	(49.2)	0.0040	0.0080	108	1,211	0.10
10 September 2019, being the last trading date prior to the Amended SPA Announcement Date	0.0050	(38.0)	0.0050	0.0050	1	500	0.04
After the Amended SPA Announcement Date and up to the Last Unaffected Trading Day							
17 September 2019 to the Last Unaffected Trading Day	0.0045	(31.1)	0.0020	0.0080	153	3,054	0.25
20 November 2020, being the Last Unaffected Trading Day	0.0070	(55.7)	0.0050	0.0070	1	28,881	2.38
After the Amended SPA Announcement Date and up to the Latest Practicable Date							
17 September 2019 to the Latest Practicable Date	0.0078	(60.3)	0.0020	0.0150	172	6,638	0.55
17 December 2020, being the Latest Practicable Date	0.0120	(74.2)	0.0110	0.0130	1	58,475	4.83

Source: *Shareinvestor.com*

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Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from Shareinvestor.com.
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company and amounts to approximately 1,211.0 million Shares representing approximately 67.4% of the Existing Share Capital of the Company as at the Latest Practicable Date.

Based on the above, we observe that:

- (a) the Settlement Share Issue Price of S\$0.0031 represents a discount of 38.0% to the VWAP of the Shares of S\$0.0050 on 10 September 2019, being the last trading date prior to the Amended SPA Announcement Date;
- (b) the Settlement Share Issue Price of S\$0.0031 represents a discount of 39.2%, 47.5%, 45.6% and 49.2% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Amended SPA Announcement Date respectively;
- (c) the Settlement Share Issue Price of S\$0.0031 represents a discount of 31.1% to the VWAP of the Shares of S\$0.0045 for the period between the market day immediately after the Amended SPA Announcement Date and up to the Last Unaffected Trading Day;
- (d) as at the Last Unaffected Trading Day, the Settlement Share Issue Price of S\$0.0031 represents a discount of 55.7% to the VWAP of the Shares of S\$0.007;
- (e) the Settlement Share Issue Price of S\$0.0031 represents a discount of 60.3% to the VWAP of the Shares of S\$0.0078 for the period between the market day immediately after the Amended SPA Announcement Date and up to the Latest Practicable Date;
- (f) as at the Latest Practicable Date, the Settlement Share Issue Price of S\$0.0031 represents a discount of 74.2% to the VWAP of the Shares of S\$0.0120;
- (g) during the period from 18 September 2018 and up to the Amended SPA Announcement Date, the Shares were traded on 108 market days or 43.4% of the total market days. The total number of Shares traded during this period was 130.8 million Shares with an average daily trading volume of 1.2 million Shares, representing 0.1% of the free float;
- (h) during the period after the Amended SPA Announcement Date and up to the Last Unaffected Trading Day, the Shares were traded on 153 market days or 51.3% of the total market days. The total number of Shares traded during this period was 467.3 million Shares with an average daily trading volume of 3.1 million Shares, representing 0.25% of the free float; and
- (i) during the period after the Amended SPA Announcement Date and up to the Latest Practicable Date, the Shares were traded on 172 market days or 54.3% of the total market days. The total number of Shares traded during this period was 1,141.7 million Shares with an average daily trading volume of 6.6 million Shares, representing 0.55% of the free float.

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In view of the low absolute trading prices of the Shares, each price movement of S\$0.001 in the Shares has a very significant effect in percentage terms. As an illustration, a Share price movement upwards from S\$0.004 to S\$0.005 would result in a 25.0% increase in percentage terms and conversely a Share price movement downwards from S\$0.005 to S\$0.004 would result in a 20.0% decrease in percentage terms. Accordingly, in view of the low absolute trading prices of the Shares and the minimum bid size of S\$0.001, each minimum bid size movement has a significant effect on the Share price in percentage terms. The significant discounts of the Settlement Share Issue Price to the relevant benchmark Share prices as shown in the table above should therefore be read in perspective.

We recommend the Independent Directors to advise the Independent Shareholders to note that the market price performance of the Shares may be due to various market factors, the individual factors of which may not be easily isolated and identified with certainty. As such, Independent Shareholders should note that the past trading performance of the Shares should not be relied upon as a promise of its future trading performance.

5.2.2 Financial performance and position of the Group

Financial performance of the Group

The financial performance of the Group for FY2020 and the six (6) month period ended 30 September 2020 (“6M2021”) are set out below:

	Audited	Unaudited	Unaudited
(S\$000)	FY2020	6M2020	6M2021
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other gains – net	_(1)	-	-
Expenses			
- Administrative	(844)	(314)	(190)
- Finance	(817)	(405)	(488)
Loss before income tax	(1,661)	(719)	(678)
Income tax expenses	-	-	-
Loss after income tax	(1,661)	(719)	(678)

Sources: Annual report of the Company for FY2020 and unaudited financial results announcement of the Group for 6M2021

Note:

(1) The amount is less than S\$1,000.

Review of operating results

As set out in Paragraph 3.1 of this Letter, with effect from 27 February 2018, the Company had ceased to have any operating subsidiaries or businesses and was deemed as a cash company pursuant to Rule 1017 of the Catalist Rules. Accordingly, there was no revenue or gross profit reported by the Group for FY2020 and 6M2021 and the entity is loss making mainly due to administrative expenses and finance cost.

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Financial position of the Group

The unaudited financial position of the Group as at 30 September 2020 is as follows:

(S\$'000)	Unaudited As at 30 September 2020
Assets	
Current assets	
Cash and cash equivalents	1,054
Other current assets	12
	1,066
Total assets	1,066
Liabilities	
Current liabilities	
Trade payables and other liabilities	808
Interest payables on bonds	2,935
Loan from a shareholder	559
Bonds payable	6,875
	11,177
Total liabilities	11,177
Net liabilities	(10,111)
Equity	
Share capital	71,777
Other reserves	2,515
Accumulated losses	(84,403)
Total equity	(10,111)

Source: Unaudited financial results announcement of the Group for 6M2021

Review of financial position

The assets of the Group as at 30 September 2020 comprised mainly of cash and cash equivalent of S\$1.1 million of which S\$1.0 million had been placed in an escrow account opened by the Company in December 2018 pursuant to one (1) of the conditions set out by the SGX-ST as announced in the SGX No Objection Letter by the Company on 5 April 2018.

The liabilities of the Group as at 30 September 2020 comprised mainly of bonds payable of S\$6.9 million and interest payables on bonds of S\$2.9 million. The bond payable refers to the principal amount of the Company Bonds while the interest payables on bonds refers to the accrued interest payable on the Company Bonds. As at the Latest Practicable Date, the Company Bonds, including the accrued interest up to the Latest Practicable Date, amounts to approximately S\$10.0 million. Further details on the Company Bonds are set out in Paragraph 3.3 of this Letter.

As at 30 September 2020, the Group recorded a net liability position of approximately S\$10.1 million.

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5.2.3 NTL per Share of the Company

In assessing the reasonableness of the Settlement Share Issue Price, we have considered using the earnings approach which is commonly used for valuation of a profitable company as a going concern. We note that no revenue or gross profit was reported by the Group for FY2020 and 6M2021 and the entity is loss making as shown in the table above. Accordingly, the earnings approach cannot be meaningfully applied in assessing the reasonableness of the Settlement Share Issue Price.

Instead, we have assessed the Settlement Share Issue Price using the net tangible assets (“NTA”) approach, which shows the extent to which the value of each Share is backed by its NTA. The NTA approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities and intangible assets of the group.

As set out in Paragraph 5.2.2 of this Letter, the Group recorded a net liability position of approximately S\$10.1 million as at 30 September 2020. Accordingly, the Settlement Share Issue Price is at a premium above the NTL per Share of the Company as at 30 September 2020. The issue of the Settlement Shares resulting from the Proposed Allotment and Issuance of Settlement Shares is in effect capitalising the Company Bonds, including the accrued interest, into share capital which will strengthen the capital base of the Company while reducing the current liabilities of the Company. The Proposed Allotment and Issuance of Settlement Shares will therefore improve the net liability position of the Company.

5.3 Convertibles Requirement of the Proposed Acquisition

As set out in Section 5 of the Circular, as a term of the Proposed Acquisition, the Company had agreed that the Group shall not have any bonds, options or any securities convertible into Shares of the Company in issue as at Completion. Accordingly, the Proposed Allotment and Issuance of Settlement Shares enables the Company to fulfil the Convertibles Requirement under the terms of the Proposed Acquisition and facilitate the Proposed Acquisition by providing the Vendors with certainty that the Company would be relieved of substantial liabilities, as well as assurance of the support of a controlling Shareholder who can bring additional value to the Enlarged Group.

5.4 Track record of financial support provided by Mr Ching

As set out in Paragraph 3.4 of this Letter, Mr Ching has been providing continuous financial support to the Group in the form of investments and loans including providing an undertaking to the Company to provide adequate funds to the Group to enable it to pay its liabilities as and when they fall due and continue operating on a going concern basis since April 2018. As at the Latest Practicable Date, Mr Ching has in aggregate invested approximately S\$11.7 million and provided further loans of approximately S\$559,450 since the Company became deemed as a cash company.

Further, as at the Latest Practicable Date, pursuant to the Mr Ching Placement Undertaking, Mr Ching has on 23 December 2020 entered into a placement agreement with the Company and have agreed to subscribe for new Shares for an aggregate consideration of S\$0.6 million so that the Enlarged Group shall be in a positive equity position immediately after the Completion and will remain a controlling Shareholder of the Company following the Completion. Accordingly, we note that Mr Ching remains fully committed and invested with his interest remaining aligned with the Company and its Independent Shareholders.

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5.5 Moratorium of the Settlement Shares

As set out in Section 18.5 of the Circular, Mr Ching has given an undertaking not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire or otherwise dispose of any part of his shareholding interests (directly or indirectly) in the Company upon the Completion (adjusted for any bonus issue, subdivision or consolidation) for a period of six (6) months from the date on which the Consolidated Shares commence trading on Catalist, and 50.0% of such shareholding interests in the Company for the subsequent six (6) months in compliance with Rule 422(1) of the Catalist Rules.

5.6 Proposed Allotment and Issuance of Settlement Shares being the most appropriate option

Since the disposal of Artimedia, the Company had been exploring business opportunities for the Group which became a priority when the Company did not renew the exclusive agreement entered into by CAT with its only contract manufacturing customer and became deemed as a cash company pursuant to Rule 1017 of the Catalist Rules with effect from 27 February 2018. Pursuant to Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the official list of issuers on the Catalist Board of the SGX-ST if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company (“**SGX New Listing Requirement**”).

As set out in Paragraph 3.2 of this Letter, since becoming deemed as a cash company, the SGX-ST had granted the Company a total of four (4) extension of time to comply with Rule 1017(2) of the Catalist Rules. The latest and final extension was granted by the SGX-ST on 2 September 2020 for a further six (6) month extension of time from 31 August 2020 to 28 February 2021 for the Company to complete the Proposed Acquisition and meet the SGX New Listing Requirements.

Based on discussions with the Directors, we understand that:

- (i) since beginning its search for business opportunities in 2017, the Company had exhausted all means and is of the view that the Target is the only suitable and available company which could meet the SGX New Listing Requirement;
- (ii) having explored other fund-raising options to satisfy the Convertible Requirement, the Proposed Allotment and Issuance of Settlement Shares is the only available option and there are no other offers or proposals from any third party to acquire the Company Bonds and Company Options other than from Mr Ching; and
- (iii) the terms of the Proposed Allotment and Issuance of Settlement Shares are the only acceptable terms which was arrived at following various rounds of negotiation between the Company and Mr Ching.

Accordingly, the Board believes that the Proposed Allotment and Issuance of Settlement Shares is the most appropriate option for the Group.

5.7 Financial effects of the Proposed Allotment and Issuance of Settlement Shares

The details on the financial effects of the Proposed Allotment and Issuance of Settlement Shares, together with the other proposed transactions to be undertaken by the Company including the Proposed Acquisition (“**Other Proposed Transactions**”), are set out in Section 16 of the Circular.

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We set out the financial effects to the Group arising from the Proposed Allotment and Issuance of Settlement Shares which are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Allotment and Issuance of Settlement Shares:

(i) Share capital of the Company

Assuming the Proposed Allotment and Issuance of Settlement Shares had been completed on 31 March 2020, the number of issued Shares will increase due to the issuance of the Settlement Shares.

(ii) NTL per Share

Assuming the Proposed Allotment and Issuance of Settlement Shares had been completed on 31 March 2020, the NTL per Share of the Company will decrease due to the redemption of the Company Bonds in full following the acquisition by Mr Ching pursuant to the Settlement Agreement.

(iii) Loss per Share

Assuming the Proposed Allotment and Issuance of Settlement Shares had been completed on 1 April 2019, the loss per Share of the Company will decrease due to the increase in the number of issued Shares as a result of the issuance of the Settlement Shares.

(iv) Gearing

Assuming the Proposed Allotment and Issuance of Settlement Shares had been completed on 31 March 2020, the gearing of the Company will improve due to the redemption of the Company Bonds in full following the acquisition by Mr Ching pursuant to the Settlement Agreement.

For avoidance of doubt, the financial effects to the Group does not take into consideration the Other Proposed Transactions to be undertaken by the Company.

We recommend the Independent Directors to advise the Independent Shareholders to read Section 16 of the Circular carefully, in particular the assumptions relating to the preparations of the financial effects to the Group.

5.8 Other relevant considerations in relation to the Proposed Allotment and Issuance of Settlement Shares

5.8.1 Dilution impact of the Proposed Allotment and Issuance of Settlement Shares

As at the Latest Practicable Date, Mr Ching holds 395,068,911 Shares, representing 22.0% of the Existing Share Capital of the Company. Pursuant to the Proposed Allotment and Issuance of Settlement Shares and on a pre-Proposed Share Consolidation basis, Mr Ching will be allotted and issued 3,225,806,450 Settlement Shares, representing approximately 179.4% of the Existing Share Capital of the Company. Accordingly, the shareholding interest of Mr Ching in the Company will increase from 22.0% of the Existing Share Capital to 72.1% of the enlarged issued and paid-up share capital of the Company immediately after the allotment and issuance of the Settlement Shares while the Independent Shareholders will suffer a significant dilution impact on their shareholding interest in the Company.

For avoidance of doubt, the dilution impact does not take into consideration the Other Proposed Transactions to be undertaken by the Company. Further details on the changes in shareholding structure in respect of the Other Proposed Transactions are set out in Section 18.4 of the Circular.

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5.8.2 Settlement Share Issue Price being lower than the issue price of the Proposed Acquisition and the Placement Price of the Mr Ching Placement

The Proposed Allotment and Issuance of Settlement Shares is undertaken pursuant to the Amended and Restated SPA and in connection with the Proposed Acquisition to enable the Company to satisfy the Convertibles Requirement. In respect of the Proposed Acquisition, we note that the issue price for the Shares to be allotted and issued to the Vendors to satisfy the consideration of the Proposed Acquisition is S\$0.525 on a post-Proposed Share Consolidation basis. For avoidance of doubt, such issue price on a pre-Proposed Share Consolidation basis is S\$0.0105. In respect of the Mr Ching Placement, we note that the Placement Price for the Shares is S\$0.00963 on a pre-Proposed Share Consolidation basis. Accordingly, the Settlement Share Issue Price of S\$0.0031 is lower than the issue price of the Proposed Acquisition and the Placement Price of the Mr Ching Placement on a pre-Proposed Share Consolidation basis.

As set out in Section 5.1 of the Circular, we note that the Settlement Share Issue Price was determined pursuant to negotiations between the Company and Mr Ching, taking into account the Convertibles Requirement, the financial support provided by Mr Ching to the Group in the previous three (3) financial years ended 31 March 2019, the rationale for and the benefits of the Proposed Acquisition and the Settlement Agreement.

Further, as set out in Paragraph 5.6 of this Letter, based on discussions with the Directors, we understand that the terms of the Proposed Allotment and Issuance of Settlement Shares, including the Settlement Share Issue Price, are the only acceptable terms which was arrived at following various rounds of negotiation between the Company and Mr Ching.

5.8.3 Inter-conditionality of the ordinary resolutions

As set out in Section 1.3 of the Circular, Independent Shareholders should note that the approval of each ordinary resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 is contingent upon the passing of each of the other ordinary resolutions. Accordingly, if any of the ordinary resolutions is not approved, ordinary resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 would not be duly passed. For avoidance of doubt, ordinary resolution 4 is in respect of the Proposed Allotment and Issuance of Settlement Shares.

5.8.4 Abstention from voting

We note that Mr Ching is deemed an Interested Person as defined under Chapter 9 of the Catalist Rules. Pursuant to Rule 919 of the Catalist Rules, Mr Ching will abstain, and will procure that his associates and nominees abstain from voting in respect of their shareholdings in the Company on the ordinary resolution in respect of the Proposed Allotment and Issuance of Settlement Shares. Accordingly, the Proposed Allotment and Issuance of Settlement Shares would proceed only if a majority of the Independent Shareholders were to vote in favour of the Proposed Allotment and Issuance of Settlement Shares and subject to the inter-conditionality of the other ordinary resolutions.

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6. OUR OPINION

In arriving at our recommendation in respect of the Proposed Allotment and Issuance of Settlement Shares, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (i) Rationale for the Proposed Allotment and Issuance of Settlement Shares;
- (ii) Financial assessment of the terms of the Proposed Allotment and Issuance of Settlement Shares:

Historical trading performance of the Shares

- (a) the Settlement Share Issue Price of S\$0.0031 represents a discount of 38.0% to the VWAP of the Shares of S\$0.0050 on 10 September 2019, being the last trading date prior to the Amended SPA Announcement Date;
- (b) the Settlement Share Issue Price of S\$0.0031 represents a discount of 39.2%, 47.5%, 45.6% and 49.2% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Amended SPA Announcement Date respectively;
- (c) the Settlement Share Issue Price of S\$0.0031 represents a discount of 31.1% to the VWAP of the Shares of S\$0.0045 for the period between the market day immediately after the Amended SPA Announcement Date and up to the Last Unaffected Trading Day;
- (d) as at the Last Unaffected Trading Day, the Settlement Share Issue Price of S\$0.0031 represents a discount of 55.7% to the VWAP of the Shares of S\$0.007;
- (e) the Settlement Share Issue Price of S\$0.0031 represents a discount of 60.3% to the VWAP of the Shares of S\$0.0078 for the period between the market day immediately after the Amended SPA Announcement Date and up to the Latest Practicable Date;
- (f) as at the Latest Practicable Date, the Settlement Share Issue Price of S\$0.0031 represents a discount of 74.2% to the VWAP of the Shares of S\$0.0120;
- (g) during the period from 18 September 2018 and up to the Amended SPA Announcement Date, the Shares were traded on 108 market days or 43.4% of the total market days. The total number of Shares traded during this period was 130.8 million Shares with an average daily trading volume of 1.2 million Shares, representing 0.1% of the free float;
- (h) during the period after the Amended SPA Announcement Date and up to the Last Unaffected Trading Day, the Shares were traded on 153 market days or 51.3% of the total market days. The total number of Shares traded during this period was 467.3 million Shares with an average daily trading volume of 3.1 million Shares, representing 0.25% of the free float;
- (i) during the period after the Amended SPA Announcement Date and up to the Latest Practicable Date, the Shares were traded on 172 market days or 54.3% of the total market days. The total number of Shares traded during this period was 1,141.7 million Shares with an average daily trading volume of 6.6 million Shares, representing 0.55% of the free float;

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Financial performance and position of the Group

- (a) the Company is deemed as a cash company pursuant to Rule 1017 of the Catalist Rules;
- (b) there was no revenue or gross profit reported by the Group for FY2020 and 6M2021 and the entity is loss making;
- (c) the Group recorded a net liability position of approximately S\$10.1 million as at 30 September 2020;

NTL per Share of the Company

The Settlement Share Issue Price is at a premium above the NTL per Share of the Company as at 30 September 2020.

- (iii) Convertibles Requirement of the Proposed Acquisition;
- (iv) Track record of financial support provided by Mr Ching;
- (v) Moratorium of the Settlement Shares;
- (vi) Proposed Allotment and Issuance of Settlement Shares being the most appropriate option;
 - (a) since beginning its search for business opportunities in 2017, the Company had exhausted all means and is of the view that the Target is the only suitable and available company which could meet the SGX New Listing Requirement;
 - (b) having explored other fund-raising options to satisfy the Convertible Requirement, the Proposed Allotment and Issuance of Settlement Shares is the only available option and there are no other offers or proposals from any third party to acquire the Company Bonds and Company Options other than from Mr Ching;
 - (c) the terms of the Proposed Allotment and Issuance of Settlement Shares are the only acceptable terms which was arrived at following various rounds of negotiation between the Company and Mr Ching;
- (vii) Financial effects of the Proposed Allotment and Issuance of Settlement Shares;
- (viii) Other relevant considerations in relation to the Proposed Allotment and Issuance of Settlement Shares:
 - (a) Dilution impact of the Proposed Allotment and Issuance of Settlement Shares;
 - (b) Settlement Share Issue Price being lower than the issue price of the Proposed Acquisition and the Placement Price of the Mr Ching Placement;
 - (c) Inter-conditionality of the ordinary resolutions; and
 - (d) Abstention from voting.

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Allotment and Issuance of Settlement Shares, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interest of the Company and its Independent Shareholders.

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For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Proposed Acquisition and our opinion on the Proposed Allotment and Issuance of Settlement Shares is not meant to express a view or opinion on the Proposed Acquisition.

We also wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Allotment and Issuance of Settlement Shares, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Settlement Agreement, and we do not warrant the merits of the Proposed Allotment and Issuance of Settlement Shares.

We have prepared this Letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Allotment and Issuance of Settlement Shares. The recommendation made by them to the Independent Shareholders in relation to the Proposed Allotment and Issuance of Settlement Shares shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM at any time and in any manner without prior written consent of RHTC in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours sincerely
For and on behalf of
RHT CAPITAL PTE. LTD.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

Artivision Technologies Ltd
10 Ubi Crescent
#05-05, Ubi Techpark
Singapore 408564

29 December 2020

**Valuation Summary Letter on
Market Value of Mobile Credit Payment Pte Ltd
and the Sale Shares as at 30 June 2020**

Dear Sirs,

Pursuant to our engagement letter dated 4 October 2018 and addendum dated 14 July 2020 between Artivision Technologies Limited (“Artivision”, the “Company” or the “Client”) and Duff & Phelps Singapore Pte Ltd (“Duff & Phelps”), we have performed an analysis on the Market Value of Mobile Credit Payment Pte Ltd (the “Target” or “MCP”) and 100% of the issued ordinary shares of the Target (“Sale Shares”) as at 30 June 2020 (“Valuation Date”).

1. BACKGROUND AND INTRODUCTION

Headquartered in Singapore, Artivision was incorporated on 7 June 2004. The Company is currently a cash company that is principally engaged in investment holding but was previously engaged in the providing contract manufacturing services for hard disk drive products, as well as media solutions services.

Mobile Credit Payment Pte Ltd (the “Target” or “MCP”), along with its subsidiaries (collectively referred to as the “Target Group”), was incorporated in Singapore on 25 June 2005 and commenced business operations as a payment technology solutions provider. The Target Group has since grown into a regional financial technology (“FinTech”) group that provides merchant payment services (“MPS”) and digital commerce enabling services (“DCES”), with focus on the retail, transportation, and food and beverages industries.

On 2 May 2018, the Directors of the Company announced that the Company had on 27 April 2018 entered into the Sale and Purchase Agreement with the Target and the Vendors for the proposed acquisition (“Proposed Acquisition”) by the Company of 100% of the Target Shares and 100% of the Target Bonds. The parties had subsequently entered into the Amended and Restated Sale and Purchase Agreement on 11 September 2019 pursuant to which the terms and conditions of the original Sale and Purchase Agreement were revised.

The Proposed Acquisition by the Company constitutes a “reverse takeover” under Rule 1015 of the Catalist Rules, and there will be a change in control of the Company. Accordingly, the Proposed Acquisition is subject to the approval of Shareholders at an extraordinary general

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meeting (“EGM”). A circular is to be issued to Shareholders for the purposes of seeking Shareholders’ approval for the Proposed Acquisition (the “Circular”).

In connection with the Proposed Acquisition, Duff & Phelps Singapore Pte Ltd (“Duff & Phelps”) was appointed by the Directors of the Company to perform an independent valuation of the Target and the Sale Shares as at 30 June 2020 (“Valuation Date”) for the purposes of the Proposed Acquisition and to comply with Rule 1015 of the Catalist Rules. The Target’s information for the purposes of this valuation has been provided to Duff & Phelps by the Target Management on behalf of the management of the Client.

This valuation summary letter has been prepared for the purpose of incorporation in the Circular to be issued in relation to the Proposed Acquisition, and is a summary of the information contained in our final report titled “Valuation of Mobile Credit Payment Pte Ltd and the Sale Shares as at 30 June 2020” dated 29 December 2020 (the “Final Valuation Report”). Accordingly, this letter should be read in conjunction with the full text of our Final Valuation Report.

Unless otherwise stated, words and expressions defined in the Circular for the purpose of obtaining Shareholders’ approval for the Proposed Acquisition will have the same meaning in this letter.

2. BASIS AND DEFINITIONS

Basis of Valuation

The basis of valuation used in our analysis is Market Value, which is defined by the International Valuation Standards (“IVS”) 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.”*

Definition of Business Enterprise and Equity Value

Business enterprise value is the total invested capital, that is equivalent to the combination of all interest-bearing debts, shareholders’ loans and shareholders’ equity. Alternatively, the business enterprise value is equivalent to the combination of all tangible assets (buildings, machinery and equipment), long-term investment, net operating working capital and intangible assets of a continuing business. Equity value is equivalent to business enterprise value less interest-bearing debts.

3. VALUATION METHODOLOGIES

Our valuation conclusion relies on the approaches judged to be most appropriate for the purpose and scope of our analysis, as well as the nature and reliability of the data available

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to us. We have considered the following valuation approaches in estimating the Market Value of the Target and the Sale Shares:

A. Income Approach

The income approach explicitly recognizes that the current value of the business is premised on the expected receipt of future economic benefits to be generated over its remaining life. These benefits can be in the form of earnings, net income, cash flow, or other measures of profitability and should include the proceeds from final disposition as well as cost savings and tax deductions. Value indications are developed by discounting expected benefits to their present value at the required rate of return that incorporates the time value of money and risks associated with the particular asset. The discount rate selected is generally based on expected rates of return available from alternative investments of similar type, quality, and risk as of the Valuation Date.

B. Market Approach

The market approach is a technique used to estimate value from an analysis of actual transactions or offerings for economically comparable business available as of the Valuation Date. The process is essentially that of comparison and correlation between the subject business and similar business which have recently been sold or are offered for sale in the market. The transaction or offering prices of the comparable business are adjusted for dissimilarities in characteristics including status/stage, location, time of sale, growth and size, and among others. The adjusted prices of the comparable business provide an indication of value for the subject business.

C. Net Assets Approach

Net Assets Approach indicates the Market Value of the total common equity of a business by adjusting the asset and liability balances on the company's balance sheet to their Market Value equivalents. The Net Assets Approach is based on the summation of the individual piecemeal values of the underlying assets and liabilities. The Market Value of equity is then indicated by the sum of the Market Value of the assets less the Market Value of the liabilities.

Utilizing the valuation approaches detailed above, we evaluated the suitability and appropriateness of each approach and corroborated differing value indications, to arrive at the estimated Market Value of the Target and the Sale Shares. Accordingly, we have adopted the Income Approach as the primary approach and used the Market Approach as a cross-check to our value conclusion.

Due to the significant differences in size, profitability and stage of development between the Target and the publicly listed comparable companies, as well as the lack of publicly available data on transactions, the use of market multiples derived from the Market Approach is limited to being a cross-check to reconcile value indications under both the Income and Market approaches.

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4. VALUATION SUMMARY AND CONCLUSION

Based on our analysis and information provided by Target Group's management ("Target Management"), **the Enterprise Value range of the Target as at Valuation Date is estimated to range between SGD73.1 million and SGD83.9 million.**

To arrive at the Market Value of the Sale Shares (equity value), the Enterprise Value of the Target is then added with excess cash and reduced by interest-bearing debt and non-controlling interest for the Target, which results in a **Market Value for the Sale Shares which is estimated to range between SGD71.6 million and SGD82.4 million as at the Valuation Date.**

A. Summary of Results based on Income Approach

Using the Discounted Cash Flow method ("DCF"), a form of the Income Approach, Duff & Phelps has arrived at a valuation range between SGD73.1 million and SGD83.9 million for the Enterprise Value of the Target. In arriving at our conclusion, we have relied on cash flow projections provided by Target Management from FY2020 to FY2023, and adopted the following key assumptions and inputs:

- The MPS business segment is expected to be a key driver of growth for the business and subsequent cash flow projections during the forecast period between FY2020 and FY2023. Revenue from the MPS business segment comprises of fees computed on a percentage of the transaction value basis ("Merchant Discount Rate" or "MDR") earned from the processing of payment transactions;
- The Target Group's revenue forecast between FY2020 and FY2023 is projected to grow at a compound annual growth rate ("CAGR") of 39.6%, and is driven by key revenue assumptions such as amongst others, projected number of active merchants onboarded, gross transaction value ("GTV") generated by transactions processed, and MDR earned based on GTV processed during the corresponding forecast period;
- Beyond the forecast period between FY2020 and FY2023, the financial projections of the Target Group were extended for an additional 3 years up till FY2026, to reflect the declining rate of growth phase of the Target Group, where annual revenue growth is estimated to decline from 42.0% in FY2023 to reach 12.0% in FY2026, and subsequently reach 2.0% for the terminal year of cash flows;
- We have assessed a weighted average cost of capital ("WACC") of 17.5% to discount the projected cash flows;
- Terminal value beyond FY2026 has been assessed based on the Gordon Growth Model assuming a terminal year growth rate ("TYGR") of 2.0% p.a. based on long term economic growth guidance for Singapore; and
- Our range of value is arrived at based on a sensitivity analysis on the enterprise value based on a +/-0.5% variation to the base WACC of 17.5% and TYGR of 2.0%.

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B. Cross Check based on Market Approach

Based on the key business segments of publicly traded companies, we identified a total of 10 comparable companies that are actively involved in the payment solutions industry. Of these 5 comparable companies are located in the Asia Pacific region, while the remaining comparable companies are global payment solution providers.

The market multiples of the publicly traded comparable companies were selected based on the 3rd quartile of the market multiples range considering the Target Group's revenue growth profile compared with the comparable companies. In addition, we have considered forward EV/Revenue multiples as it captures the significant improvement in the Target's projected revenue for FY2021 and FY2022. We were not able to benchmark the Target Group's profitability, as the Target Group is historically loss-making and has only recently achieved operating profit for the last twelve month ("LTM") period as at Valuation Date.

Based on the publicly traded comparable companies', the NTM and NTM+1 Enterprise Value/Revenue market multiples were 4.6x and 4.0x respectively. The range of indicative Enterprise Value of the Target was arrived by applying a +/-10.0% sensitivity range to the selected NTM and NTM+1 Enterprise/Value Revenue multiples; and multiplying the resulting range of market multiples by the Target's relevant financial metrics. The resulting value indications of the Target's Enterprise Value were as follows –

- Based on NTM Enterprise Value/Revenue multiples: SGD55.1 million to SGD67.3 million.
- Based on NTM+1 Enterprise Value/Revenue multiple: SGD67.8 million to SGD82.9 million.

In addition, we have also searched for comparable transactions of payment solution providers, however due to the lack of market data on recent transactions, this was not utilized under the Market Approach as the results may not be meaningful or relevant.

C. Net Assets Approach

Given that the value of the Target Group lies primarily in business operations, and the Net Assets Approach does not consider future expected benefits (i.e. cash flows) that are expected to be generated by the business operations of the Target Group, we have not considered the Net Assets Approach for the valuation of the Target and the Sale Shares.

5. TERMS OF REFERENCE AND LIMITING CONDITIONS TO OUR VALUATION

- i. Duff & Phelps' valuation summary letter and Final Valuation Report do not constitute an audit in accordance with Auditing Standards. Duff & Phelps has not independently investigated or verified the data provided by the Target Management. We have, however, reviewed such data for its consistency and reasonableness, relied on explanations and information provided by the Target Management and accepted such

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Artivision Technologies Ltd

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data to be true and accurate. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information, representation or assurance provided to us by and on behalf of the Target Group.

- ii. The Client has reviewed the information contained in the valuation summary letter and Final Valuation Report and has confirmed in writing to us, having made reasonable enquiries to establish that this is the case, that to the best of its knowledge and belief, the factual information contained therein is, in all material respects, complete and accurate and not misleading in the manner of its portrayal and therefore forms a reliable basis for our work. In particular, the Client is not aware of any further information which should be relevant to our analysis.
- iii. The responsibility for forecasts and the assumptions on which they are based is solely that of the Client and Target Management. Duff & Phelps do not provide assurance on the achievability of the results forecasted because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of the Client and Target Management. It must be emphasized that revenue and profit forecasts necessarily depend upon subjective judgment. They are to a greater or lesser extent, according to the nature of the business and the period covered by the forecasts, subject to substantial inherent uncertainties. In consequence, they are not capable of being audited or substantiated in the same way as financial statements, which present the results of completed periods. In the event that the Target is not able to achieve the results of the Target Group's projected financials, the value of the Target and the Sale Shares can be adversely affected.
- iv. Our valuation conclusions are based upon prevailing market, economic, industry, monetary and other conditions and on the information made available to us as at the Valuation Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility and are not required to update, revise or reaffirm our valuation conclusion set out in this valuation summary letter to reflect event or developments subsequent to the Valuation Date.
- v. The valuation results and underlying projections and assumptions may be materially affected by increased volatility in current and future economic, political, regulatory, financial, market or other circumstances as a result of COVID-19. As such, a higher degree of caution should be attached to our valuation than may normally be the case.
- vi. Duff & Phelps has relied on data from external sources. These sources are considered to be reliable and therefore, Duff & Phelps assumes no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where Duff & Phelps has relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure the accuracy of such data and that such data has been accurately and correctly extracted from those sources. Duff & Phelps has assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.

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- vii. The scope of work has been limited both in terms of the areas of the business and operations which have been reviewed. There may be matters, other than those noted in this report, which might be relevant in the context of the transaction and which a wider scope might uncover.
- viii. We are not required to and have not conducted a comprehensive review of the business, operational or financial condition of the Target Group and accordingly, make no representation or warranty, expressed or implied, in this regard. We are not required to and have not visited the business operations of the Target Group.
- ix. Our valuation of the Target and the Sale Shares is not and should not be construed to be investment advice to the current and prospective investors in the Company and the Target Group. The scope of our engagement does not require us to express, and we do not express, a view on the future prospects of the Target Group. This letter and Final Valuation Report are not intended to form the sole basis of any decision regarding the ownership of stake in the Target Group and does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Acquisition. The assessment of the commercial and investment merits of the Target Group is solely the responsibility of the Directors of the Company.
- x. Our valuation summary letter and Final Valuation Report is issued on the understanding that the Target Management has drawn our attention to all matters of which they are aware concerning the financial position of the businesses, which may have an impact on the valuation summary letter and Final Valuation Report up to the Valuation Date. Duff & Phelps has no responsibility to update the valuation summary letter and Final Valuation Report for events and circumstances occurring after the Valuation Date.
- xi. The use of our valuation summary letter and Final Valuation Report is restricted to the purpose indicated herein. Duff & Phelps authorizes the Client to include a copy of this valuation summary letter in the Circular. Such disclosure is authorised in consideration of the condition that Duff & Phelps shall have a reasonable opportunity to review and approve any references to Duff & Phelps, its work, this engagement, the valuation summary letter and Final Valuation Report prior to the disclosure to Singapore Exchange Securities Trading Limited (“SGX-ST”).
- xii. Duff & Phelps does not have any responsibility or liability to any third parties for their reliance on our reports. Duff & Phelps expressly disclaims all liability for any loss or damage of whatever kind which may arise from any person acting on any information and opinions contained in the valuation summary letter and Final Valuation Report for any purpose other than the stated purpose. Full terms and conditions of our work are included in our Agreement.
- xiii. Duff & Phelps has acted as an independent third party and, as such, shall not be considered an advocate should any dispute arise between concerned parties.

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- xiv. Our terms of reference do not require us to provide advice on legal, regulatory, accounting, property and taxation matters and where specialist advice has been obtained by the Client and made available to us, we have considered and where appropriate relied upon such advice.
- xv. Duff & Phelps have no present or planned future interest in our Client or its group companies and the fee for our services for the valuation summary letter and Final Valuation Report is not contingent upon the outcome of the transaction.

6. CONFIDENTIALITY AND DUTY OF CARE

This valuation summary letter and our Final Valuation Report are addressed strictly to our Client and are for the intended purpose as set out above and accordingly neither the valuation summary letter nor the Final Valuation Report may be used or relied upon in any other connection, and are not intended to confer any benefit on, any other person (including without limitations the respective shareholders of the Company). Any recommendation made by the Board of Directors (the “Board”) of the Company in respect to this Proposed Acquisition shall remain the responsibility of the Board.

In rendering our valuation conclusion, we have not had regard to the specific investment objectives, financial situation or individual circumstances of any bondholders or shareholders. Our valuation conclusion should not be the sole basis for deciding whether or not to execute the Proposed Acquisition. The responsibility of determining the final transaction price rests solely with the Client.

We understand that the Independent Financial Advisor (“IFA”) may require this valuation summary letter and our Final Valuation Report for their internal reference. The IFA will perform their own separate analysis to satisfy their roles and responsibilities. Our role and report is not meant to substitute their own procedures to substantiate the opinion they are required to render.

While a copy of this letter may be reproduced in the Circular, neither the Client nor its Board may reproduce, disseminate or refer to this letter and the Final Valuation Report (or any part thereof) for any other purposes at any time and in any manner without the prior written consent of Duff & Phelps in each specific case. In any event, giving our consent to the inclusion of letter in such a circular, we do not accept any duty of care and deny any responsibilities or liability to any third party other than the party to whom our letter and report is addressed, unless otherwise provided by law.

Respectfully submitted by,



DUFF & PHELPS SINGAPORE PTE LTD

APPENDIX G – RULES OF THE MCP PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

The Plan shall be called the “**MCP Performance Share Plan**”.

2. DEFINITIONS

2.1. In the MCP Performance Share Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“ Act ”	:	The Companies Act, (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“ Adoption Date ”	:	The date on which the MCP Performance Share Plan is adopted by the Company in general meeting
“ Associate ”	:	Shall bear the meaning as set out in the Catalist Rules; and “ Associates ” shall be construed accordingly
“ Associated Company ”	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
“ Auditors ”	:	The auditors of the Company for the time being
“ Award ”	:	A contingent award of Shares granted under Rule 5
“ Award Date ”	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
“ Award Letter ”	:	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee
“ Board ”	:	The board of directors of the Company for the time being
“ Catalist Rules ”	:	The SGX-ST’s Listing Manual Section B: Rules of Catalist, as may be amended, modified, supplemented or revised from time to time
“ CDP ”	:	The Central Depository (Pte) Limited
“ Committee ”	:	The Remuneration Committee of the Company, duly authorised and appointed by the Board to administer the MCP Performance Share Plan
“ Communication ”	:	An Award, including the Award Letter and/or any correspondence made or to be made under the MCP Performance Share Plan (individually or collectively)
“ Company ”	:	MC Payment Limited, a company incorporated in Singapore
“ Controlling Shareholder ”	:	Shall bear the same meaning as set out in the Catalist Rules; and “ Controlling Shareholders ” shall be construed accordingly
“ Constitution ”	:	The Constitution of the Company, as amended from time to time

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“Group”	:	The Company and its subsidiaries
“Group Employee”	:	Any employee of the Group (including any Group Executive Director, non-executive director and independent director of the Company and/or any of its subsidiaries) or any employee of the Group who is seconded to an Associated Company. For the avoidance of doubt, the secondment of an employee to an Associated Company shall not be regarded as a break in his employment or him having ceased by reason only of such secondment to be an employee of the Group
“Group Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
“Market Day”	:	A day on which the Singapore Exchange is open for trading in securities
“Market Value”	:	In relation to a Share, on any day: (a) the volume-weighted average price of a Share on the Singapore Exchange over the five (5) immediately preceding Trading Days; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable
“Participant”	:	The holder of an Award (including, where applicable, the executor or personal representative of such holder)
“Performance Condition”	:	In relation to an Award, the condition specified on the Award Date in relation to that Award
“Performance Period”	:	In relation to an Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Condition(s) is (are) to be satisfied
“Plan” or “MCP Performance Share Plan”	:	The MCP Performance Share Plan, as modified or altered from time to time
“Record Date”	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Release”	:	In relation to an Award, the release of all or some of the Shares to which that Award relates in accordance with the MCP Performance Share Plan and, to the extent that any Shares which are the subject of the Award are not released pursuant to the MCP Performance Share Plan, the Award in relation to those Shares shall lapse accordingly and “Released” shall be construed accordingly

APPENDIX G – RULES OF THE MCP PERFORMANCE SHARE PLAN

“Released Award”	:	An Award which has been Released in full or in part in accordance with Rule 7
“Security Device”	:	Any smartcard, digital certificate, digital signature, encryption device, electronic key, logon identifier, password, personal identification number, and/or other code or any access procedure incorporating any one or more of the foregoing, designated by the Company for use in conjunction with the MCP Performance Share Plan
“Shares”	:	Ordinary shares in the capital of the Company
“Singapore Exchange”	:	The Singapore Exchange Securities Trading Limited
“Trading Day”	:	A day on which the Shares are traded on the Singapore Exchange
“Vesting”	:	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	:	In relation to Shares which are the subject of a Released Award, the date as determined by the Committee and notified to the relevant Participant on which those Shares are to be Vested pursuant to Rule 7
“year”	:	Calendar year, unless otherwise stated
“%”	:	Per centum or percentage

2.2. Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.

2.3. Any reference to a time of a day in the MCP Performance Share Plan is a reference to Singapore time.

2.4. Any reference in the MCP Performance Share Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the MCP Performance Share Plan and used in the MCP Performance Share Plan shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

3. OBJECTIVES OF THE PLAN

The MCP Performance Share Plan is a share incentive scheme. The MCP Performance Share Plan is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and executive directors of the Group who have contributed to the growth of the Group. The MCP Performance Share Plan will give Participants an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:

- (a) to motivate the Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) to retain key executives and executive directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;

APPENDIX G – RULES OF THE MCP PERFORMANCE SHARE PLAN

- (c) to instill loyalty to, and a stronger identification by employees with the long-term prosperity of, the Company;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders of the Company; and
- (e) to align the interests of employees with the interests of the shareholders of the Company.

4. ELIGIBILITY OF PARTICIPANTS

4.1. The following persons shall be eligible to participate in the MCP Performance Share Plan at the absolute discretion of the Committee:

- (a) Selected Group Employees who have attained the age of twenty-one (21) years and who hold such rank as may be designated by the Committee from time to time taking into consideration, among other things, role, seniority, length of service, performance history and potential contribution to the Group; and
- (b) Controlling Shareholders and Associates of Controlling Shareholders who qualify under paragraph (a) above.

4.2. The selection of a participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the MCP Performance Share Plan shall be determined at the absolute discretion of the Committee, which shall take into account such criteria as it considers fit, including (but not limited to) his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and difficulty with which the Performance Condition(s) may be achieved within the Performance Period.

4.3. Controlling Shareholders and their Associates who satisfy the criteria set out in Rule 4.1 above shall be eligible to participate in the Plan provided that:

- (a) their participation; and
- (b) the actual or maximum number of Shares and terms of any Awards to be granted to them,

have been approved by independent shareholders of the Company at a general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the actual or maximum number of Shares and terms of any Awards to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the Plan of a Controlling Shareholder of his Associate who is, at the relevant time, already a Participant.

5. GRANT OF AWARDS

5.1. The Committee may grant Awards to eligible Group Employees, Controlling Shareholders (who are eligible to participate under Rule 4.1) and/or Associates of Controlling Shareholders (who are eligible to participate under Rule 4.1), in each case, as the Committee may select, in its absolute discretion, at any time during the period when the MCP Performance Share Plan is in force.

5.2. The Committee shall decide in relation to an Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the number of Shares which are the subject of the Award;

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- (d) the Performance Condition(s);
 - (e) the Performance Period;
 - (f) the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
 - (g) the Vesting Date; and
 - (h) any other condition which the Committee may determine in relation to that Award.
- 5.3. As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
- (a) the Award Date;
 - (b) the number of Shares which are the subject of the Award;
 - (c) the Performance Condition(s);
 - (d) the Performance Period;
 - (e) the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
 - (f) the Vesting Date; and
 - (g) any other condition which the Committee may determine in relation to that Award.
- 5.4. Participants are not required to pay for the grant of Awards.
- 5.5. The Committee may amend or waive the Performance Period, the Performance Condition(s), the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period and/or any condition applicable to that Award:
- (a) in the event of a take-over offer being made for the Shares or if a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act or in the event of an order being made or a resolution passed for the winding-up of the Company (other than as provided in Rule 6.1(a) or for reconstruction or amalgamation) or a proposal to sell all or substantially all of the assets of the Company;
 - (b) in the event that the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie); or
 - (c) if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) a Performance Condition should be waived,
- and shall notify the Participants of such change or waiver.

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- 5.6. An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

- 6.1. An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:

- (a) in the event that an order is made for the winding-up of the Company on the basis of, or by reason of, its insolvency;
- (b) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion; or
- (c) subject to Rule 6.2(b), upon the Participant ceasing to be in the employment of the Group, for any reason whatsoever.

For the purposes of Rule 6.1(c), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date.

- 6.2. In any of the following events, namely:

- (a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;
- (b) where the Participant ceases at any time to be in the employment of the Group, by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;
 - (vi) his transfer to any Ministry, governmental or statutory body or corporation at the direction of the Company; or
 - (vii) any other event approved by the Committee;
- (c) the death of a Participant; or
- (d) any other event approved by the Committee,

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the Committee may, in its absolute discretion determine whether an Award then held by such Participant, to the extent not yet Released, shall lapse or that all or any part of such Award shall be preserved. If the Committee determines that an Award shall lapse, then such Award shall lapse without any claim whatsoever against the Company. If the Committee determines that all or any part of an Award shall be preserved, the Committee shall decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the MCP Performance Share Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant, and the extent to which the Performance Condition(s) has (have) been satisfied.

- 6.3. Without prejudice to the provisions of Rule 5.5, if before a Vesting Date, any of the following occurs:
- (a) a take-over offer for the Shares becomes or is declared unconditional;
 - (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act; or
 - (c) an order being made or a resolution passed for the winding-up of the Company (other than as provided in Rule 6.1(a) or for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period(s) which has (have) elapsed and the extent to which the Performance Condition(s) has (have) been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined in accordance with Rule 7.

7. REVIEW OF PERFORMANCE CONDITION(S), VESTING OF AWARDS AND RELEASE OF AWARDS

7.1. Review of Performance Condition(s)

7.1.1. The Committee shall, as soon as reasonably practicable after the end of the relevant Performance Period, review the Performance Condition(s) specified in respect of each Award and determine at its discretion:

- (a) whether the Performance Condition has been satisfied and if so, the extent to which it has been satisfied;
- (b) whether any other condition applicable to such Award has been satisfied; and
- (c) the number of Shares (if any) comprised in such Award to be Released to the relevant Participant,

and (subject to Rules 6 and 7.1.2) provided that the relevant Participant has continued to be an Employee, a Controlling Shareholder (who is eligible to participate under Rule 4.1) and/or an Associate of a Controlling Shareholder (who is eligible to participate under Rule 4.1), from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Performance Condition specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

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7.1.2. The Committee shall have full discretion to determine whether any Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group (as the case may be) to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further (but without prejudice to the provisions of Rule 5.5), the right to amend any Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

7.2. Delivery of Shares

7.2.1. Shares which are Released to a Participant pursuant to Rule 7.1 shall be delivered on a Market Day falling as soon as practicable (as determined by the Committee) after the relevant Vesting Date by way of an allotment or transfer to the Participant of the relevant number of Shares (which may, in the case of a transfer of Shares, include Shares held by the Company as treasury shares).

7.2.2. In determining whether to issue new Shares to Participants upon vesting of their Awards, the Company will take into account factors such as, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of issuing new Shares or delivering existing Shares.

7.2.3. Where new Shares are allotted pursuant to Rule 7.2.1, the Company shall, as soon as practicable after such allotment, apply to the Singapore Exchange for permission to deal in and for quotation of such Shares.

7.2.4. Shares which are allotted or transferred to a Participant pursuant to the Release of any Award shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

7.3. Ranking of Shares

New Shares allotted and issued, and existing Shares procured by the Company for transfer, pursuant to the Release of any Award shall:

- (a) be subject to all the provisions of the Constitution of the Company; and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the later of (i) the relevant Vesting Date; and (ii) the date of issue of the Shares, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

8. LIMITATION ON THE SIZE OF THE PLAN

8.1. Subject to Rule 8.2, the total number of Shares over which the Committee may grant new Awards on any date, when added to:

- (a) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Awards already granted under the MCP Performance Share Plan; and
- (b) the total number of Shares subject to any other share option or share schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the date preceding the date of the relevant new Award.

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- 8.2. The total number of Shares which the Committee may grant new Awards on any date during each of the years for which the MCP Performance Share Plan is in force, when added to:
- (a) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Awards already granted under the MCP Performance Share Plan during the same year; and
 - (b) the total number of Shares subject to any other share option or share schemes of the Company during the same year, shall not exceed 3% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the date preceding the date of the relevant new Award.
- 8.3. The total number of Shares which may be delivered pursuant to Awards granted under the MCP Performance Share Plan to Controlling Shareholders and/or Associates of Controlling Shareholders, shall not exceed 25% of the total number of Shares available under the MCP Performance Share Plan.
- 8.4. The total number of Shares which may be delivered pursuant to Awards granted under the MCP Performance Share Plan to each Controlling Shareholder and each Associate of a Controlling Shareholder, shall not exceed 10% of the total number of Shares available under the MCP Performance Share Plan.
- 8.5. Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the MCP Performance Share Plan.

9. ADJUSTMENT EVENTS

- 9.1. If a variation in the ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place or (without prejudice to the provisions of Rule 5.5) if the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie), then the Committee may, in its sole discretion, determine whether:
- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or
 - (b) the class and/or number of Shares in respect of which future Awards may be granted under the MCP Performance Share Plan,
- shall be adjusted and if so, the manner in which such adjustments should be made. Any adjustment must be made in a way that a Participant will not receive a benefit that a shareholder of the Company does not receive.
- 9.2. Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the Singapore Exchange during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.
- 9.3. Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

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9.4. Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares which are the subject of the adjusted Award. Any adjustment shall take effect upon such written notification being given or on such date as may be specified in such written notification.

10. ADMINISTRATION OF THE PLAN

10.1. The MCP Performance Share Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

10.2. The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the MCP Performance Share Plan) for the implementation and administration of the MCP Performance Share Plan, to give effect to the provisions of the MCP Performance Share Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the MCP Performance Share Plan and any dispute and uncertainty as to the interpretation of the MCP Performance Share Plan or any rule, regulation or procedure thereunder or any rights under the MCP Performance Share Plan shall be determined by the Committee.

10.3. Neither the MCP Performance Share Plan nor Awards granted under the MCP Performance Share Plan shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:

- (a) the lapsing of any Awards pursuant to any provision of the MCP Performance Share Plan;
- (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the MCP Performance Share Plan; and/or
- (c) any decision or determination of the Committee made pursuant to any provision of the MCP Performance Share Plan.

10.4. Any decision or determination of the Committee made pursuant to any provision of the MCP Performance Share Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the MCP Performance Share Plan or any rule, regulation or procedure hereunder or as to any rights under the MCP Performance Share Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

11. NOTICES AND COMMUNICATIONS

11.1. Any notice required to be given by the Participant to the Company shall be sent or made to the registered office of the Company or such other address (including an electronic mail address) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to the Participant in writing.

11.2. Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and a Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to a Participant by hand or sent to a Participant at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number provided by the Participant to the Company.

APPENDIX G – RULES OF THE MCP PERFORMANCE SHARE PLAN

- 11.3. Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by the Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.
- 11.4. Any Communication under the MCP Performance Share Plan may be communicated electronically through the use of a Security Device, or through an electronic page, site, or environment designated by the Company which is accessible only through the use of a Security Device, and such Communication shall thereby be deemed to have been sent by the designated holder of such Security Device.
- 11.5. The Company may accept and act upon any Communication issued and/or transmitted through the use of the Participant's Security Device pursuant to Rule 11.4 (whether actually authorised by the Participant or not) as his authentic and duly authorised Communication and the Company shall be under no obligation to investigate the authenticity or authority of persons effecting the Communication or to verify the accuracy and completeness of the Communication and the Company may treat the Communication as valid and binding on the Participant, notwithstanding any error, fraud, forgery, lack of clarity or misunderstanding in the terms of such Communication.
- 11.6. All Communications issued and/or transmitted through the use of a Participant's Security Device pursuant to Rule 11.4 (whether authorised by the Participant or not) are irrevocable and binding on the Participant upon transmission to the Company and the Company shall be entitled to effect, perform or process such Communications without the Participant's further consent and without any further reference or notice to the Participant.
- 11.7. It shall be the Participant's sole responsibility to ensure that all information contained in a Communication is complete, accurate, current, true and correct.
- 11.8. A Participant shall ensure (and shall take all necessary precautions to ensure) that:
- (a) he complies with the Company's procedural and/or operational guidelines relating to Security Devices;
 - (b) all his Security Devices are kept completely confidential and secure; and
 - (c) there is no unauthorised use or abuse of his Security Devices.
- 11.9. A Participant shall notify and/or contact the Company immediately if he becomes aware, has reason to believe, or suspects that any Security Device has become compromised, including but not limited to where:
- (a) the security or integrity of any Security Device may have been compromised;
 - (b) such Security Device has become known or been revealed to any other person;
 - (c) there has been unauthorised use of the Security Device; and/or
 - (d) such Security Device is lost, damaged, defective or stolen,

and the Participant shall immediately cease to use such compromised Security Device until further notice from the Company. The Participant shall be bound by all Communications and transactions resulting from any Communications made which are referable to any compromised Security Device until such time as the Company has received a notification from the Participant under this Rule 11.9.

APPENDIX G – RULES OF THE MCP PERFORMANCE SHARE PLAN

- 11.10. The Company's records of the Communications, and its record of any transactions maintained by any relevant person authorised by the Company relating to or connected with the MCP Performance Share Plan, whether stored in electronic or printed form, shall be binding and conclusive on a Participant and shall be conclusive evidence of such Communications and/or transactions. All such records shall be admissible evidence and the Participant shall not challenge or dispute the admissibility, reliability, accuracy or the authenticity of the contents of such records merely on the basis that such records were incorporated and/or set out in electronic form or were produced by or are the output of a computer system, and the Participant waives any of his rights (if any) to so object.
- 11.11. Any provision in these Rules requiring a Communication to be signed by a Participant may be satisfied in the case of an electronic Communication, by the execution of any on-line act, procedure or routine designated by the Company to signify the Participant's intention to be bound by such Communication.

12. MODIFICATIONS TO THE PLAN

- 12.1. Any or all of the provisions of the MCP Performance Share Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:
- (a) no modification or alteration shall adversely affect the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Condition(s) relating to their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Condition(s) for all outstanding Awards being satisfied in full;
 - (b) the definitions of "Associated Company", "Committee", "Group", "Group Employee", "Group Executive Director", "Participant" and "Performance Period" and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Company's shareholders by ordinary resolution in general meeting; and
 - (c) no modification or alteration shall be made without the prior approval of the Singapore Exchange and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely alter the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the MCP Performance Share Plan to amend or adjust any Award.

- 12.2. Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by a resolution (and without any other formality, save for the prior approval of the Singapore Exchange) amend or alter the MCP Performance Share Plan in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the MCP Performance Share Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the Singapore Exchange).
- 12.3. Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

APPENDIX G – RULES OF THE MCP PERFORMANCE SHARE PLAN

13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the MCP Performance Share Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

14. DURATION OF THE PLAN

- 14.1. The MCP Performance Share Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the MCP Performance Share Plan may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 14.2. The MCP Performance Share Plan may be terminated at any time by the Committee or, at the discretion of the Committee, by ordinary resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the MCP Performance Share Plan is so terminated, no further Awards shall be granted by the Committee hereunder.
- 14.3. The expiry or termination of the MCP Performance Share Plan shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

15. TAXES

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the MCP Performance Share Plan shall be borne by that Participant.

16. COSTS AND EXPENSES OF THE PLAN

- 16.1. Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) or, as the case may be, share transfer form(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.
- 16.2. Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the MCP Performance Share Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the MCP Performance Share Plan including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company and the Company's directors and employees shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the Singapore Exchange in accordance with Rule 7.2.2.

APPENDIX G – RULES OF THE MCP PERFORMANCE SHARE PLAN

18. DISCLOSURES IN ANNUAL REPORT

The Company will make such disclosures in its annual report for as long as the MCP Performance Share Plan continues in operation as from time to time required by the Catalist Rules including the following (where applicable):

- (a) the names of the members of the Committee administering the MCP Performance Share Plan;
- (b) the information required in the table below for the following Participants:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Participants (other than those in paragraphs (i) and (ii) above) who have received Shares pursuant to the Release of Awards granted under the MCP Performance Share Plan which, in aggregate, represent 5% or more of the total number of Shares available under the MCP Performance Share Plan;

Name of Participant	Aggregate number of Shares comprised in Awards granted during financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since the commencement of the MCP Performance Share Plan to end of financial year under review	Aggregate number of Shares comprised in Awards Vested which have been issued and/or transferred since commencement of the MCP Performance Share Plan to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at end of financial year under review

- (c) the names and numbers of Awards granted to each director and employee of the parent company and its subsidiaries who receives 5% or more of the total number of Awards available to all directors and employees of the parent company and its subsidiaries under the MCP Performance Share Plan, during the financial year under review;
- (d) the aggregate number of Awards granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of the MCP Performance Share Plan to the end of the financial year under review; and
- (e) such other information as may be required by the Catalist Rules or the Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement shall be included therein.

19. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

APPENDIX G – RULES OF THE MCP PERFORMANCE SHARE PLAN

20. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the MCP Performance Share Plan must abstain from voting on any resolution relating to the MCP Performance Share Plan. In particular, Shareholders who are eligible to participate in the MCP Performance Share Plan will abstain from voting on the following resolution when applicable: (a) implementation of the MCP Performance Share Plan; (b) discount quantum; and (c) participation by and Award grant to Controlling Shareholders and their Associates.

21. GOVERNING LAW

The MCP Performance Share Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the MCP Performance Share Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, CHAPTER 53B

No person other than the Company or a Participant shall have any right to enforce any provision of the MCP Performance Share Plan or any Award by virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

1. Name of the Scheme

The Scheme shall be called the “MCP Employee Share Option Scheme”.

2. Definitions

In this Scheme, except where the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“Adoption Date”	:	The date on which the Scheme is adopted by the Company in general meeting
“Aggregate Subscription Cost”	:	The total amount payable for Shares which may be acquired on the exercise of an Option
“Associate”	:	Shall bear the as set out in the Catalist Rules; and “Associates” shall be construed accordingly
“Auditors”	:	The auditors of the Company for the time being
“Board”	:	The board of directors of the Company for the time being
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, modified or supplemented or revised from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	The Remuneration Committee of the Company, duly authorised and appointed by the Board to administer the MCP Employee Share Option Scheme
“Company”	:	MC Payment Limited
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company (unless otherwise determined by the SGX-ST that a person who satisfies this subparagraph is not a controlling shareholder); or (b) in fact exercises Control over the Company
“Date of Grant”	:	In relation to an Option, the date on which an Option is granted pursuant to Rule 5

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

- “Exercise Period” : The period for the exercise of an Option, being:
- (a) in the case of a Market Price Option granted to a Group Employee, Controlling Shareholder (who is eligible to participate under Rule 4.1) and/or Associate of a Controlling Shareholder (who is eligible to participate under Rule 4.1), a period (as may be determined by the Committee in its absolute discretion on the Date of Grant of that Option) commencing on a date falling on or after the 1st anniversary of the Date of Grant and expiring on or before the 10th anniversary of such Date of Grant;
 - (b) in the case of an Incentive Option granted to a Group Employee, Controlling Shareholder (who is eligible to participate under Rule 4.1) and/or Associate of a Controlling Shareholder (who is eligible to participate under Rule 4.1), a period (as may be determined by the Committee in its absolute discretion on the Date of Grant of that Option) commencing on a date falling on or after the 2nd anniversary of the Date of Grant and expiring on or before the 10th anniversary of such Date of Grant;
 - (c) in the case of a Market Price Option granted to a Group Non-Executive Director, a period (as may be determined by the Committee in its absolute discretion on the Date of Grant of that Option) commencing on a date falling on or after the 1st anniversary of the Date of Grant and expiring on or before the 5th anniversary of such Date of Grant or, if applicable laws permit, on such later date as the Committee may specify on the Date of Grant; and
 - (d) in the case of an Incentive Option granted to a Group Non-Executive Director, a period (as may be determined by the Committee in its absolute discretion on the Date of Grant of that Option) commencing on a date falling on or after the 2nd anniversary of the Date of Grant and expiring on or before the 5th anniversary of such Date of Grant or, if applicable laws permit, on such later date as the Committee may specify on the Date of Grant,
- subject as provided in Rules 8 and 9 and to any other conditions as may be determined by the Committee from time to time
- “Exercise Price” : The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 6, as adjusted in accordance with Rule 12

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

“Grantee”	:	The person to whom an offer of an Option is made
“Group”	:	The Company and its subsidiaries
“Group Employee”	:	An employee of the Group (including any Group Executive Director who meet the relevant criteria and who shall be regarded as a Group Employee for the purposes of the Scheme) selected by the Committee to participate in the Scheme in accordance with Rule 4
“Group Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
“Group Non-Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, other than one who performs an executive function
“Incentive Option”	:	An Option granted with the Exercise Price set at a discount to the Market Price
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Price”	:	A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five consecutive Trading Days immediately preceding the Date of Grant of that Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices
“Market Price Option”	:	An Option granted with the Exercise Price set at the Market Price
“Option”	:	The right to subscribe for Shares granted or to be granted to a Group Employee pursuant to the Scheme and for the time being subsisting
“Participant”	:	The holder of an Option (including, where applicable, the executor or personal representative of such holder)
“Record Date”	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Rules”	:	Rules of the Scheme
“Scheme”	:	The MCP Employee Share Option Scheme, as the same may be modified or altered from time to time
“Securities Account”	:	The securities account maintained by a Depositor with CDP

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders for the time being of the Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Trading Day”	:	A day on which the Shares are traded on the SGX-ST
“S\$”	:	Singapore dollar
“%”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular number shall include the plural number where the context so admits and vice versa. Words importing the masculine gender shall include the feminine and neuter genders where the context so admits.

Any reference to a time of day shall be a reference to Singapore time.

Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in the Scheme shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

3. Objectives of the Scheme

- 3.1 The Scheme is a share incentive scheme. The Scheme is proposed on the basis that it is important to retain talent whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees who have contributed to the growth of the Group. The Scheme will give Participants an opportunity to have a personal equity interest in the Company.
- 3.2 The objectives of the Scheme are as follows:
- (a) to motivate the Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
 - (b) to retain key employees and executive directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;
 - (c) to instil loyalty to, and a stronger identification by Participants with the long-term goals of, the Company;
 - (d) to attract potential employees with relevant skills to contribute to the Group and to create value for shareholders of the Company;
 - (e) to give recognition to the contributions made or to be made by Group Non-Executive Directors to the success of the Group; and
 - (f) to align the interests of Participants with the interests of shareholders of the Company.

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

4. Eligibility of Participants

- 4.1 The following persons shall be eligible to participate in the Scheme at the absolute discretion of the Committee:
- (a) Group Employees who have attained the age of 21 years and hold such rank as maybe designated by the Committee from time to time and who have, as of the Date of Grant, been in full time employment of the Group for a period of at least 12 months (or in the case of any Group Executive Director or Group Non-Executive Director, such shorter period as the Committee may determine);
 - (b) Group Non-Executive Directors (including independent Directors) who, as of the Date of Grant, have attained the age of 21 years; and
 - (c) subject to Rule 4.2, persons who are qualified under Rule 4.1(a) above and who are also Controlling Shareholders or Associates of Controlling Shareholders.
- 4.2 Controlling Shareholders and their Associates who satisfy the criteria set out in Rule 4.1 above shall be eligible to participate in the Scheme provided that:
- (a) their participation; and
 - (b) the actual or maximum number of Shares to be granted to them,
- have been approved by independent shareholders of the Company at a general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the actual or maximum number of Shares to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the Scheme of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant.
- 4.3 Subject to the Act and any requirements of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee.

5. Grant and acceptance of Options

- 5.1 Save as provided in Rule 11, the Committee may grant Options at any time during the period when the Scheme is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the second Market Day from the date on which such announcement is released.
- 5.2 The Letter of Offer to grant the Option shall be in, or substantially in, the form set out in Schedule A-1, subject to such modification as the Committee may from time to time determine. An Option may be granted subject to such conditions as may be determined by the Committee, in its absolute discretion, on the Date of Grant of that Option.
- 5.3 An option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Option without the prior approval of the Committee, that Option shall immediately lapse.
- 5.4 The grant of an Option under this Rule 5 shall be accepted by the Grantee within 30 days from the Date of Grant of that Option and, in any event, not later than 5.00 p.m. on the thirtieth day from such Date of Grant by completing, signing and returning the Acceptance Form in or substantially in the form set out in Schedule B-1, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration.

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

5.5 If a grant of an Option is not accepted in the manner as provided in Rule 5.4, such offer shall, upon the expiry of the 30-day period, automatically lapse and become null, void and of no effect.

5.6 In the event that the grant of an Option results in a contravention of any applicable law, subsidiary legislation or other regulation, such grant shall be null, void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.

6. Exercise Price

6.1 Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, on the Date of Grant, at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be determined by the Committee and permitted by the SGX-ST).

7. Rights to exercise Options

7.1 Subject as provided in Rule 8 and Rule 9 and any other conditions as may be introduced by the Committee from time to time, a Market Price Option or an Incentive Option, as the case may be, shall be exercisable, in whole or in part, during the Exercise Period applicable to that Option and in accordance with the conditions (if any) applicable to that Option.

7.2 In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the Scheme until such time as it shall lapse in accordance with the Scheme.

8. Events prior to Exercise of Option

8.1 An Option shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company:

- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
- (b) subject to Rule 8.2, upon the Participant ceasing to be in the employment of the Group, for any reason whatsoever;
- (c) in the event of an order being made or resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 8.1(b), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

8.2 In any of the following events, namely:

- (a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Option;
- (b) where the Participant ceases to be in the employment of the Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

- (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group, as the case may be;
 - (vi) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
 - (vii) any other event approved by the Committee;
- (c) where a Participant, being a Group Non-Executive Director, ceases at any time to be a director of any company within the Group;
 - (d) the death of a Participant; or
 - (e) any other event approved by the Committee,

an Option then held by that Participant shall, to the extent unexercised, lapse without any claim whatsoever against the Company, unless otherwise determined by the Committee in its absolute discretion. In exercising such discretion, the Committee may:

- (aa) determine the number of Shares comprised in that Option which may be exercised and the period during which such Option shall be exercisable, being a period not later than the expiry of the Exercise Period in respect of that Option. Such Option may be exercised at any time notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Exercise Period in respect of such Option. Upon the expiry of such period as determined by the Committee, the Option, to the extent unexercised, shall lapse; or
- (bb) allow that Participant to exercise any unexercised Option(s) in the manner and at the times provided in Rule 8.1.

8.3 Notwithstanding any provision to the contrary, the Committee may, in its absolute discretion, by notice to the Participants, suspend the exercise of any Option for such period or periods as the Committee may determine, provided that the period(s) of suspension shall not exceed in aggregate 60 days in any one calendar year.

9. Take-over and winding up of the Company

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or
- (b) the date of expiry of the Exercise Period relating thereto,

whereupon the Option then remaining unexercised shall lapse.

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8, remain exercisable until the expiry of the Exercise Period relating thereto.

- 9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant shall be entitled notwithstanding Rule 8 but subject to Rule 9.5, to exercise any Option then held by him, in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion, during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later, (but not after the expiry of the Exercise Period relating thereto), whereupon the Option shall lapse and become null and void.
- 9.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 9.4 In the event that a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date soon after it dispatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 9.4) and thereupon, each Participant (or his legal personal representative) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the Aggregate Subscription Cost for the Shares in respect of which notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.
- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 9.
- 9.6 To the extent that an Option is not exercised within the periods referred to in this Rule 9, it shall lapse and become null and void.

10. Exercise of Options, Allotment and Listing of Shares

- 10.1 Subject to Rule 7.1, an Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in, or substantially in, the form set out in Schedule C-1, subject to such modification as the Committee may from time to time determine. Such notice must be accompanied by payment in cash for the full amount of the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, and the full amount of the Aggregate Subscription Cost as aforesaid. All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

10.2 Subject to the Catalist Rules and prevailing legislation, the Company shall have the flexibility to deliver Shares to Participants upon exercise of their Options by way of:

- (a) allotment of new Shares; and/or
- (b) transfer of existing Shares, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares.

In determining whether to issue new Shares or to deliver existing Shares to Participants upon the exercise of their Options, the Company will take into account factors such as (but not limited to):

- (a) the prevailing Market Price of the Shares;
 - (b) the prevailing Market Price of the Shares relative to the financial performance of the Company;
 - (c) the cash position of the Company;
 - (d) the projected cash needs of the Company;
 - (e) the dilution impact (if any);
 - (f) the cost to the Company of either issuing new Shares or purchasing existing Shares; and
 - (g) the liquidity of the Shares based on the average daily trading volume of the Shares, and in particular whether the repurchase by the Company of existing Shares to deliver to Participants upon exercise of their Options would materially impact the Market Price of the Shares.
- 10.3 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to compliance with the terms of the Scheme and the Constitution of the Company, the Company shall, within 10 Market Days after the exercise of an Option, allot, transfer or procure the transfer (as the case may be) of the relevant Shares in respect of which such Option has been exercised by the Participant and within five (5) Market Days from the date of such allotment, despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.
- 10.4 Where new Shares are allotted upon the exercise of an Option, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares, which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments in accordance with Rule 12.
- 10.5 Shares which are allotted or transferred on the exercise of an Option by a Participant shall be issued or registered (as the case may be), as the Participant may elect, in the name of CDP to the credit of the Securities Account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.
- 10.6 Shares acquired upon the exercise of an Option shall:
- (a) be subject to all the provisions of the Act and the Constitution of the Company; and
 - (b) rank in full for all entitlements, including dividends, rights, allotments or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or after the relevant exercise date upon which such exercise occurred, and shall in all other respects rank pari passu with other existing Shares then in issue.

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

11. Limitation on the size of the Scheme

- 11.1 The aggregate number of Shares which may be issued or transferred pursuant to Options granted under the Scheme on any date, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of all issued Shares (excluding Shares held by the Company as treasury shares) on the day preceding that date.
- 11.2 The aggregate number of Shares which may be issued or transferred pursuant to Options granted under the Scheme to Participants who are Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Scheme.
- 11.3 The number of Shares which may be issued or transferred pursuant to Options granted under the Scheme to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the Scheme.
- 11.4 Shares which are the subject of Options which have lapsed for any reason whatsoever may be the subject of further Options granted by the Committee under the Scheme.

12. Adjustment Events

- 12.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:
- (a) the Exercise Price of the Shares, the class and/or number of Shares comprised in an Option to the extent unexercised; and/or
 - (b) the class and/or number of Shares over which Options may be granted under the Scheme,
- shall be adjusted in such manner by the Committee to give such Participant the same proportion of the equity capital of the Company as that to which he was previously entitled, in such manner as the Committee as the Committee may determine to be appropriate, provided that no adjustment shall be made as if as a result, the Participant receives a benefit that a shareholder of the Company does not receive.
- 12.2 Unless the Committee considers an adjustment to be appropriate, (a) the issue of securities as consideration for an acquisition or a private placement of securities; (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force; (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the Scheme; or (d) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company, shall not normally be regarded as a circumstance requiring adjustment.
- 12.3 Notwithstanding the provisions of Rule 12.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 12.4 Upon any adjustment required to be made pursuant to this Rule 12, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Exercise Price thereafter in effect and class and/or number of Shares thereafter to be issued or transferred on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

13. Administration of the Scheme

- 13.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options to be granted to him or held by him.
- 13.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme, to give effect to the provisions of the Scheme and/or to enhance the benefit of the Options and the Shares to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Scheme and any dispute and uncertainty as to the interpretation of the Scheme, any rule, regulation or procedure thereunder or any rights under the Scheme shall be determined by the Committee.
- 13.3 Neither the Scheme nor the grant of Options under the Scheme shall impose on the Company or the Committee any liability whatsoever in connection with (a) the lapsing or early expiry of any Options pursuant to any provision of the Scheme; (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Scheme; and/or (c) any decision or determination of the Committee made pursuant to any provision of the Scheme.
- 13.4 Any decision or determination of the Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The Committee shall not be required to furnish any reasons for any decision or determination made by it.
- 13.5 The Committee shall ensure that the rules of the Scheme are in compliance with the Act and the applicable laws and regulations in Singapore, including but not limited to, the Catalist Rules.

14. Notices

- 14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the principal place of business of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 14.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 14.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

15. Modifications to the Scheme

- 15.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except when the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
 - (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of the Shareholders in general meeting; and
 - (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

For the purposes of Rule 15.1(a) and (b), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Option or which would be to the advantage of Participants (as the case may be) shall be final, binding and conclusive.

For the avoidance of doubt, nothing in this Rule 15.1 shall affect the right of the Committee under any provision of the Scheme to amend or adjust any Option and without due compliance with the Catalist Rules and such other laws and regulations as may be applicable.

- 15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Scheme to comply with any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.

16. Terms of employment unaffected

The terms of employment of a Participant shall not be affected by his participation in the Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

17. Duration of the Scheme

- 17.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 17.2 The Scheme may be terminated at any time by the Committee, at the discretion of the Committee, or by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.
- 17.3 The expiry or termination of the Scheme shall not affect Options which have been granted prior to such expiry or termination, whether such Options have been exercised (whether fully or partially) or not.

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

18. Taxes

All taxes (including income tax) arising from the grant or exercise of any Option granted to any Participant under the Scheme shall be borne by that Participant.

19. Costs and expenses

19.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.

19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the exercise of any Option shall be borne by the Company.

20. Disclaimer of liability

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or procuring the transfer of or applying for or procuring the listing of new Shares on the SGX-ST in accordance with Rule 10.4.

21. Disclosures in Annual Reports

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Scheme continues in operation as from time to time required by the Catalist Rules including the following (where applicable):

- (a) the names of the members of the Committee administering the Scheme;
- (b) in respect of the following Participants of the Scheme:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Participants (other than those in (i) and (ii) above) who receives 5.0% or more of the total number of Shares comprised in Options available under the Scheme.

Name of Participant	Options granted during financial year under review (including terms)	Aggregate Options granted since the commencement of the Scheme to the end of the financial year under review	Aggregate Options exercised since the commencement of the Scheme to the end of the financial year under review	Aggregate Options outstanding as at end of financial year under review
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- (c) the number and proportion of Shares comprised in Options granted under the Scheme during the financial year under review:
 - (i) at a discount of 10% or less of the Market Price in respect of the relevant Option;
 - (ii) at a discount of more than 10% but not more than 20% of the Market Price in respect of the relevant Option, and

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

- (d) if any of the above requirements is not applicable, an appropriate negative statement shall be included therein.

22. Disputes

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

23. Abstention from voting

Shareholders who are eligible to participate in the Scheme must abstain from voting on any resolution relating to the Scheme. In particular, Shareholders who are eligible to participate in the Scheme will abstain from voting on the following resolutions where applicable: (a) implementation of the Scheme; (b) discount quantum; and (c) participation by and option grant to Controlling Shareholders and their Associates.

24. Governing Law

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the Scheme, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

25. Contracts (Rights of Third Parties) Act

No person other than the Company or a Participant shall have any right to enforce any provision of the Scheme or any Option by the virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore.

MCP EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No: _____

Date: _____

To: **[Name]**
[Designation]

[Address]

Private and Confidential

Dear Sir/Madam,

1. We have the pleasure of informing you that, pursuant to the MCP Employee Share Option Scheme (the “**Employee Share Option Scheme**”), you have been nominated to participate in the Employee Share Option Scheme by the Committee (the “**Committee**”) appointed by the Board of Directors of MC Payment Limited (the “**Company**”) to administer the Employee Share Option Scheme. Terms as defined in the Employee Share Option Scheme shall have the same meaning when used in this letter.
2. Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an option (the “**Option**”), to subscribe for and be allotted _____ Shares at the price of S\$_____ for each **Share**.
3. The option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Committee.
4. The Option shall be subject to the terms of the Employee Share Option Scheme, a copy of which is available for inspection at the business address of the Company.
5. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on _____, failing which this offer will lapse.

Yours faithfully,

For and on behalf of MC Payment Limited
[●]

Name:
Designation:

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

Schedule B-1

MCP EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No: _____

Date: _____

To: The Committee,
MCP Employee Share Option Scheme

Closing Date for Acceptance of Offer: _____

Number of Shares Offered: _____

Exercise Price for each Share: S\$ _____

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and the Employee Share Option Scheme referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ Shares at S\$ _____ for each Share. I enclose cash for S\$1.00 in payment for the purchase of the Option/I authorise my employer to deduct the sum of S\$1.00 from my salary in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I agree to keep all information pertaining to the grant of the Option to me confidential.

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

***NRIC/Passport No** : _____

Signature : _____

Date : _____

Note:

* Delete accordingly

MCP EMPLOYEE SHARE OPTION SCHEME

FORM OF EXERCISE OF OPTION

Total number of ordinary shares (the “**Shares**”) offered at S\$_____ for each Share (the “**Exercise Price**”) under the MCP Employee Share Option Scheme on _____ (Date of grant) : _____

Number of Shares previously allotted thereunder : _____

Outstanding balance of Shares to be allotted : _____

Number of Shares now to be subscribed : _____

To: The Committee,
MCP Employee Share Option Scheme

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares in MC Payment Limited (the “**Company**”) at S\$_____ for each Share.
2. I enclose a *cheque/cashier’s order/banker’s draft/postal order no. _____ for S\$_____ by way of subscription for the total number of the said Shares.
3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the MCP Employee Share Option Scheme and the Constitution of the Company.
4. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.
5. I request the Company to allot and issue the Shares in the name of The Central Depository (Pte) Limited (“**CDP**”) for credit of my *Securities Account with CDP/Sub-Account with the Depository Agent specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP in respect thereof.

APPENDIX H – RULES OF THE MCP EMPLOYEE SHARE OPTION SCHEME

Schedule C-1

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

***NRIC/Passport No** : _____

***Direct Securities Account No.** : _____

OR

***Sub-Account No.** : _____

Name of Depository Agent : _____

Note:

* Delete accordingly

APPENDIX I – NEW CONSTITUTION

THE COMPANIES ACT, CHAPTER 50

PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION

of

ARTIVISION TECHNOLOGIES LTD.

(Adopted by Special Resolution passed on [●] 2020)

INTERPRETATION

1. Subject to the Statutes and the provisions of this Constitution, the Directors may at their discretion exercise all powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any of the property or business of the Company including any uncalled or called but unpaid capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. Interpretation

WORDS

MEANING

‘Act’	The Companies Act, Chapter 50, of Singapore or any modification, amendment or re-enactment thereof for the time being in force and any reference to any provision of the Act is to that provision as so modified or re-enacted or contained in any such subsequent Act.
‘Alternate Director’	An alternate director appointed pursuant to regulation 129.
‘Auditors’	The auditors for the time being of the Company.
‘capital’	Share capital.
‘Company’	Artivision Technologies Ltd., by whatever name from time to time called.
‘Constitution’	This constitution, as may be amended from time to time.
‘Director’	Includes any person acting as a director of the Company and includes any person duly appointed and acting for the time being as an Alternate Director.
‘Directors’ or ‘Board’	The Directors for the time being of the Company as a body or a quorum of the Directors present at a meeting of the Directors.
‘dividend’	Includes bonus dividend.

APPENDIX I – NEW CONSTITUTION

WORDS	MEANING
'Exchange'	The Singapore Exchange Securities Trading Limited and, where applicable, its successors in title.
'in writing'	Written or produced by any substitute for writing or partly one and partly another and shall include (except where otherwise expressly specified in this Constitution or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Statutes) any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.
'Market Day'	A day on which the Exchange is open for trading in securities.
'Member', 'holder of any share' or 'shareholder'	<p>(a) Where the Depository is named in the Register of Members as the holder of shares, a Depositor in respect of the number of shares standing to the credit of his name in the Depository Register; and</p> <p>(b) in any other case, a person whose name appears on the Register of Members as a shareholder,</p> <p>save that references in this Constitution to a 'Member' or 'shareholder' shall, where the Act requires, exclude the Company by reason of it holding shares as treasury shares</p>
'month'	Calendar month.
'Office'	The registered office of the Company for the time being.
'paid up'	Includes credited as paid up.
'Register of Members'	The Register of Members maintained by the Company pursuant to the Act.
'registered address' or 'address'	In relation to any Member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly provided in this Constitution.
'Registrar'	The Registrar of Companies appointed under the Companies Act and includes any Deputy or Assistant Registrar of Companies.
'regulation'	A regulation of this Constitution, as altered or added to from time to time and any reference to a regulation by number is a reference to the regulation of that number in this Constitution.
'Seal'	The common seal of the Company or in appropriate cases the official seal or duplicate common seal.

APPENDIX I – NEW CONSTITUTION

WORDS	MEANING
'Secretary'	The secretary or secretaries for the time being of the Company and shall include any person entitled to perform the duties of secretary temporarily and where two (2) or more persons are appointed to act as joint secretaries shall include any one of those persons.
'SFA'	The Securities and Futures Act, Chapter 289, of Singapore or any modification, amendment or re-enactment thereof for the time being in force and any reference to any provision of the SFA is to that provision as so modified or re-enacted or contained in any such subsequent SFA.
'shares'	Shares in the capital of the Company.
'Singapore'	The Republic of Singapore.
'Statutes'	The Act and every other legislation for the time being in force concerning companies and affecting the Company.
'year'	Calendar year.
'S\$'	The lawful currency of Singapore
'%' or 'per cent'	Percentage or per centum.

The expressions 'Depositor', 'Depository', 'Depository Agent' and 'Depository Register' shall have the meanings ascribed to them respectively in the SFA.

The expressions 'current address', 'electronic communications', 'financial statements', 'relevant intermediary' and 'treasury shares' shall have the meanings ascribed to them respectively in the Act.

- (a) Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where the context admits, include the feminine and neuter genders and vice versa. Words denoting persons shall include corporations.
- (b) The expression 'clear days' notice' shall, for the purposes of calculating the number of days necessary before a notice is served or deemed to be served, be exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given.
- (c) Save as aforesaid, any word or expression used in the Act and the Interpretation Act, Chapter 1 shall, if not inconsistent with the subject or context, bear the same meaning in this Constitution.
- (d) The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of this Constitution.
- (e) Any reference in this Constitution to any enactment is a reference to that enactment as for the time being amended or re-enacted.
- (f) A Special Resolution shall be effective for any purposes for which an Ordinary Resolution is expressed to be required under any provision of this Constitution.

APPENDIX I – NEW CONSTITUTION

NAME

2. The name of the Company is “ARTIVISION TECHNOLOGIES LTD.”. Name

LIABILITY OF MEMBERS

3. The liability of the Members is limited Liability of Members

BUSINESS

4. (1) Subject to the provisions of the Act, the listing rules of the Exchange and any other written law and this Constitution, the Company has: Business or activity
- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
- (b) for these purposes, full rights, powers and privileges.
- (2) Subject to the provisions of the Act, any branch or kind of business which by this Constitution is either expressly or by implication authorised to be undertaken by the Company may be undertaken by the Directors at such time or times as they shall think fit, and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business.

PUBLIC COMPANY

5. The Company is a public company. Public Company

REGISTERED OFFICE

6. The Office shall be at such place in Singapore as the Directors shall from time to time determine. Place of Office

SHARES

7. (1) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution. Shares of a class other than ordinary shares
- (2) The Company may issue shares for which no consideration is payable to it. Issue of shares for no consideration
8. Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in general meeting but subject thereto and to regulation 68, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit. Subject to such limitation thereof as may be prescribed by the Exchange, any such shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors Provided always that: Issue of shares
- (a) no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the Company in general meeting;

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- (b) (subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the listing rules of the Exchange) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of regulation 68(1) with such adaptations as are necessary shall apply; and
- (c) any other issue of shares, the aggregate of which would exceed the limits referred to in regulation 68(2), shall be subject to the approval of the Company in general meeting.
9. Notwithstanding anything in this Constitution, a treasury share shall be subject to such rights and restrictions as may be prescribed in the Act and may be dealt with by the Company in such manner as may be permitted by, and in accordance with, the Act. For the avoidance of doubt, save as expressly permitted by the Act, the Company shall not be entitled to any rights of a Member under this Constitution. Treasury shares
10. (1) Preference shares may be issued subject to such limitation thereof as may be prescribed by law or by the listing rules of the Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports, balance sheets and financial statements and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears. In the event of preference shares being issued, the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares. Rights attached to preference shares
- (2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued. Issue of further preference shares
11. If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall with such adaptations as are necessary apply. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, Variation of rights of shares

Provided always that:

- (a) the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, but where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting; and
- (b) where all the issued shares of the class are held by one (1) person, the necessary quorum shall be one (1) person and such holder of shares of the class present in person or by proxy or by attorney may demand a poll.

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The foregoing shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

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| 12. | The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a Special Resolution is not obtained at a meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting. | Variation of rights of preference shareholders |
| 13. | The rights conferred upon the holders of the shares of any class issued with preferred rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution, be deemed to be varied by the creation or issue of further shares ranking equally therewith. | Issue of further shares affecting preferred rights |
| 14. | If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same. | Payment of instalments |
| 15. | The Company may pay any expenses (including brokerage or commission) incurred in any issue of shares or purchase or acquisition of shares at such rate or amount and in such manner as the Directors deem fit. Such expenses may be paid in whole or in part in cash or fully or partly paid shares of the Company. The Company may, in addition to, or in lieu of, such commission, in consideration of any person subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, for any shares in the Company, confer on any such person an option call within a specified time for a specified number of shares in the Company at a specified price or on such other terms and conditions as the Directors may deem fit. The requirements of the provisions of the Act shall be observed, as far as applicable. | Payment of expenses (including brokerage and commission) |
| 16. | Save to the extent permitted by the Act or the listing rules of the Exchange, no part of the funds of the Company shall, directly or indirectly, be employed in the purchase of or subscription for or making of loans upon the security of any shares (or its holding company, if any). The Company shall not, except as authorised by the Act, give any financial assistance for the purpose of or in connection with any purchase of shares in the Company (or its holding company, if any). | Company's shares as security |
| 17. | Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period (except treasury shares), and, subject to the conditions and restrictions mentioned in Section 78 of the Act, may charge the same to capital as part of the cost of the construction of the works or building or the provision of the plant. | Power to charge interest on capital |

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18. Except as required by law, no person (other than the Depository) shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee, as the case may be) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share. Nothing contained in this regulation relating to the Depository or the Depositors or in any depository agreement made by the Company with any common depository for shares or in any notification of substantial shareholding to the Company or in response to a notice pursuant to Section 137F of the SFA or any note made by the Company of any particulars in such notification or response shall derogate or limit or restrict or qualify these provisions; and any proxy or instructions on any matter whatsoever given by the Depository or Depositors to the Company or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of a trust.
- Company need not recognise trust

SHARE CERTIFICATES

19. Every person whose name is entered as a Member in the Register of Members shall be entitled to receive, within ten (10) Market Days (or such other period as may be prescribed or approved by the Exchange from time to time or by the provisions of the Statutes) of the closing date of any application for shares or, as the case may be, the date of lodgement of a registrable transfer, one (1) certificate for all his shares of any one (1) class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred and where a charge is made for certificates, such charge shall not exceed two dollars (S\$2/-) (or such other sum as may be approved by the Exchange from time to time). Where such a Member transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such Member shall pay a fee not exceeding two dollars (S\$2/-) (or such other sum as may be approved by the Exchange from time to time) for each such new certificate or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Exchange. Where the Member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.
- Entitlement to share certificate
20. The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six (6) years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with this Constitution mutatis mutandis.
- Retention of certificate

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21. The certificate of title to shares shall be issued under the Seal in such form as prescribed by the Directors from time to time, or executed as a deed in accordance with the Act. Every certificate shall bear the autographic or facsimile signatures of at least two (2) Directors or by one (1) Director and the Secretary or some other person appointed by the Directors, and shall specify the number and the class of shares to which it relates, whether the shares are fully or partly paid up, the amount (if any) unpaid on the shares and any other information as the Act may require. The facsimile signatures may be reproduced by mechanical, electronic or other means provided the method or system of reproducing signatures has first been approved by the Directors. No certificate shall be issued representing more than one class of shares. Form of share certificate
22. (1) Any two (2) or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge. Consolidation of share certificates
- (2) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two (2) or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of two dollars (S\$2/-) for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Exchange. Sub-division of share certificates
- (3) In the case of shares registered jointly in the names of several persons any such request may be made by any one (1) of the registered joint holders. Requests by joint holders
23. (1) Subject to the provisions of the Act, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed or replaced on such evidence being produced and a letter of indemnity, undertaking and/or statutory declaration (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Exchange or on behalf of its/their client(s) as the Directors shall require, and in the case of defacement or wearing out, on delivery of the old certificate and in any case on payment of such sum not exceeding two dollars (S\$2/-) (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, the shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction, loss or theft. Issue of replacement certificates
- (2) When any shares under the powers in this Constitution herein contained are transferred and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up. New certificate in place of one not surrendered

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JOINT HOLDERS OF SHARES

24. Where two (2) or more persons are registered as the holders of any share, they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:
- (a) the Company shall not be bound to register more than three (3) persons as the holders of any share, except in the case of executors, trustees or administrators of the estate of a deceased Member; Joint holders deemed holding as joint tenants
 - (b) the joint holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share; Limited to 3 joint holders
 - (c) on the death of any one (1) of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they may deem fit; Jointly and severally liable
 - (d) any one (1) of such joint holders may give effectual receipts for any dividend or other moneys payable or property distributable to such joint holders on or in respect of the share; and Survivorship
 - (e) only the person whose name stands first in the Register of Members as one (1) of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any certificate delivered or notice given to such person shall be sufficient delivery or deemed notice to all the joint holders. Only the person whose name stands first in the Depository Register shall be entitled to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint Depositors. Receipts
- Entitlement to delivery of share certificates and notice

TRANSFER OF SHARES

25. Subject to the restrictions of this Constitution and any restrictions imposed by law or the Exchange or the Depository (as the case may be), any Member may transfer all or any of his shares, but every transfer by any Member must either be by means of (i) an instrument of transfer of the legal title in shares in writing and in the usual common form approved by the Exchange, or in any other form acceptable to the Directors, and must be left at the Office (or such other place as the Directors may appoint) for registration, accompanied by the certificate(s) of the shares to be transferred, and such other evidence (if any) as the Directors may require to prove the title of the intending transferor, or his right to transfer the shares; or (ii) book-entry in the Depository Register in accordance with the Act. Form of transfer
26. Shares of different classes shall not be comprised in the same instrument of transfer Different classes of shares
27. The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof; Provided always that the Directors may dispense with the execution of the instrument of transfer by the transferee in any case in which they think fit in their discretion so to do. This regulation shall not apply to any transfer of shares by way of book-entry in compliance with the SFA. Transferor and transferee to execute transfer

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28. All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same. Retention of transfer
29. No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same. Infant, bankrupt or mentally disordered
30. Subject to any legal requirements to the contrary, the Company shall be entitled to destroy (i) all instruments of transfer which have been registered at any time after the expiration of six (6) years from the date of registration thereof and (ii) all dividend mandates and notifications of change of address at any time after the expiration of six (6) years from the date of recording thereof and (iii) all share certificates which have been cancelled at any time after the expiration of six (6) years from the date of the cancellation thereof and it shall be conclusively presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Destruction of transfer
- Provided always that:
- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
 - (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any circumstances which would not attach to the Company in the absence of this regulation;
 - (c) references herein to the destruction of any document include references to the disposal thereof in any manner; and
 - (d) any document referred to in this regulation 30(ii) and (iii) may be destroyed at a date earlier than that authorised by this regulation provided that a copy of such document shall have been made in any form whether in electronic or digital form which shall not be destroyed before the expiration of the period applicable to the destruction of the original of such document and in respect of which the Directors shall take adequate precautions for guarding against falsification and for facilitating its production.
31. (1) There shall be no restriction on the transfer of fully paid up shares (except where required by law or the listing rules of, or bye-laws and rules governing, the Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. Directors' power to decline to register

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- (2) The Directors may decline to recognise any instrument of transfer of shares unless:
- (a) a fee not exceeding two dollars (S\$2/-) (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Exchange) as the Directors may from time to time require, is paid to the Company in respect thereof; Payment of fee and deposit of transfer
 - (b) the amount of proper duty (if any) with which each instrument of transfer of shares is chargeable under any law for the time being in force relating to stamp duty is paid;
 - (c) the instrument of transfer is deposited at the Office (or such other place as the Directors may appoint) and is accompanied by a certificate of payment of stamp duty (if any), the certificate of the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and where the instrument is executed by some other person on his behalf, the authority of the person so to do; and
 - (d) the instrument of transfer is in respect of only one (1) class of shares.
32. If the Directors refuse to register a transfer of any shares, they shall within thirty (30) days after the date on which the transfer was lodged with the Company (or such period of time as may be prescribed by the listing rules of the Exchange) give to the transferor and to the transferee notice of their refusal to register as required by the Statutes. Notice of refusal to register
33. The Register of Transfers may be closed at such times and for such period as the Directors may from time to time determine; Provided always that it shall not be closed for more than thirty (30) days in any year and during such periods the Directors may suspend the registration of transfers. Further Provided always that the Company shall give prior notice of such closure as may be required to the Exchange, stating the period and purpose or purposes for which the closure is to be made. Closure of Register of Transfers
34. Nothing in this Constitution shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person. Renunciation of allotment
35. Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by relevant parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his executors, trustees, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto. Indemnity against wrongful transfer

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TRANSMISSION OF SHARES

36. In the case of the death of a Member whose name is registered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors, trustees or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein contained shall release the estate of a deceased shareholder from any liability in respect of any share solely or jointly held by him. Transmission on death of Member
37. In the case of the death of a Member who is a Depositor, the survivors or survivor where the deceased was a joint holder, and the executors, trustees or administrators of the deceased where he was a sole holder and where such executors, trustees or administrators are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him. Transmission on death of Depositor
38. (1) Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of any Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person who properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs or any person becoming entitled to a share by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share may, upon producing such evidence of title as the Directors shall require, elect either to be registered himself as holder of the share or transfer the share to some other person, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member. Person becoming entitled in certain circumstances may be registered
- (2) If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer the share to another person, he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were a transfer signed by the person from whom the title by transmission is derived. The Directors shall have, in respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer was a transfer executed by the person from whom the title by transmission is derived. In the case of any person becoming entitled to the interest of a Depositor in respect of a share in consequence of the death of the Depositor, Section 81SQ of the SFA shall apply. Requirements regarding transmission of shares
- (3) The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be) entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within sixty (60) days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with. Notice to register to unregistered executors and trustees

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39. Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share pursuant to regulation 36, 37 or 38 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the Member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company or (save as aforesaid) to any of the rights or privileges of a Member in respect of the share, unless and until he shall be registered as the holder thereof; Provided always that the Directors may at any time give notice requiring any such person to elect either to be registered or named in the Depository Register himself or to transfer the share, and if the notice is not complied with within sixty (60) days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Rights of unregistered persons entitled to a share

40. There shall be paid to the Company in respect of the registration of any probate, letter of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding two dollars (S\$2/-), or such other sum as may be approved by the Exchange from time to time, as the Directors may from time to time require or prescribe.

Fees for registration of probate etc.

CALLS ON SHARES

41. The Directors may from time to time, as they think fit, make calls upon the Members in respect of any moneys unpaid on their shares or on any class of their shares and not by the conditions of the issue and allotment thereof made payable at fixed times; and each Member shall (subject to his having been given at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

Directors may make calls on shares

42. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

Time when new call made

43. If before or on the day appointed for payment thereof, a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at such rate not exceeding ten per cent (10%) per annum as the Directors may determine from the day appointed for payment thereof to the time of actual payment, and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for in order to procure payment of or in consequence of the non- payment of such call or instalment, but the Directors shall be at liberty to waive payment of such interest, costs, charges and expenses wholly or in part.

Interest and other late payment costs

44. Any sum which by the terms of issue of a share is made payable upon allotment or at any fixed date and any instalment of a call shall for all purposes of this Constitution be deemed to be a call duly made and payable on the date fixed for payment and, in the case of non-payment, the provisions of this Constitution as to payment of interest and expenses, forfeiture and the like and all other relevant provisions of the Statutes or of this Constitution shall apply as if such sum were a call duly made and notified as hereby provided.

Sum due on allotment or other fixed date

45. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the time of payment of such calls.

Power of Directors to differentiate

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46. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at a rate agreed between the Member paying such sum and the Directors provided that such rate may not exceed eight per cent (8%) per annum without the sanction of the Company in general meeting. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.
- Payment in advance of calls

FORFEITURE OF SHARES

47. If a Member fails to pay the whole or any part of any call or instalment of a call or interest, costs, charges or expenses referred to in regulation 43, by or on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment or interest, costs, charges or expenses remains unpaid, serve a notice on him requiring him to pay the same, together with any interest (including interest upon interest), costs, charges and/or expenses that may have been incurred by the Company by reason of such non-payment.
- Notice requiring payment of unpaid calls
48. The notice shall name a further day (not being less than fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made. It shall also name the place where payment is to be made and shall state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.
- Notice to state time and place of payment
49. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect.
- Forfeiture of shares for non-compliance with notice
50. A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture notwithstanding that they shall have been declared.
- Forfeiture to include all dividends
51. The Directors may accept a surrender of any share liable to be forfeited hereunder.
- Directors may accept surrender in lieu
52. The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by this Constitution expressly saved, or as are by the Act given or imposed in the case of past Members.
- Extinction of forfeited share
53. Notwithstanding any such forfeiture, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.
- Directors may allow forfeited share to be redeemed

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54. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, on such terms and in such manner as the Directors think fit and at any time before a sale or disposition, the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, re-allotment or other disposition, the Directors are empowered to or may authorise some other person to transfer the shares to the purchaser. Sale of forfeited shares
55. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share and after registration of the transfer, the validity of the sale shall not be nullified and the remedy (if any) of any person aggrieved by the sale shall be in damages only. Company may receive consideration of sale
56. If any shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, trustees, administrators or assignees or as he directs. Application of residue of proceeds of forfeiture
57. The Directors may accept a surrender of any share liable to be forfeited hereunder. A person whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall, notwithstanding such forfeiture or surrender, remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at the rate of eight per cent (8%) per annum (or such lower rate as the Directors may approve) from the date of the forfeiture or surrender until payment in respect of the shares; but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. The Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment either wholly or in part. Liabilities of Members whose shares forfeited
58. Notice of any forfeiture shall forthwith be given to the holder of the share forfeited or to the person entitled by transmission to the share forfeited as the case may be. An entry of the forfeiture with the date thereof and the fact of the notice given shall be made in the Register of Members or in the Depository Register (as the case may be) opposite the share. The provisions of this regulation are directory only, and no forfeiture shall be in any manner invalidated by any omission to give such notice or to make such entry as aforesaid. Notice of forfeiture

LIEN ON SHARES

59. (1) The Company shall have a first and paramount lien and charge on all the shares not fully paid up in the name of a Member (whether solely or jointly with others) and all dividends, interest and other distributions from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such monies are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this regulation. Company's lien

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- (2) No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether along or jointly with any other person, together with interest and expenses (if any).
60. For the purpose of enforcing such lien, the Directors may sell all or any of the shares subject thereto in such manner as they think fit, but no sale shall be made unless some sum in respect of which the lien exists is presently payable and until a notice in writing stating the amount due and demanding payment and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on such Member or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for fourteen (14) days after such notice. To give effect to any such sale or other disposition, the Directors are empowered or may authorise some other person to transfer the shares to the purchaser. Sale of shares subject to lien
61. The net proceeds of any such sale shall be applied in or towards satisfaction of the unpaid calls and accrued interest and expenses due from the Member to the Company in respect of the shares and the residue (if any) shall be paid to the person whose shares have been forfeited or his executors, trustees, administrators or assignees or as he directs; Provided always that the Company shall be entitled to a lien upon such residue in respect of any money due to the Company but not presently payable like to that which it had upon the shares immediately before the sale thereof. Application of proceeds of sale
62. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser and the Directors may enter the purchaser's name in the Register of Members as holder of the shares or may request the Depository to enter the purchaser's name in the Depository Register as the Depositor thereof, and the purchaser shall not be bound to see to the regularity or validity of the transfer or be affected by any irregularity or invalidity in the proceedings or be bound to see to the application of the purchase money. After his name has been entered in the Register of Members or the Depository Register the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. Transfer and title to shares sold
63. A statutory declaration in writing by a Director that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under seal for the share delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share. Statutory declaration that share duly forfeited

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CONVERSION OF SHARES INTO STOCK

64. The Company may from time to time by Ordinary Resolution convert any paid up shares into stock and may from time to time by like resolution reconvert such stock into paid up shares. Conversion from share to stock and back to share
65. When any shares have been converted into stock, the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in general meeting shall direct, but in the absence of such direction, the respective interests may be transferred in the same manner and subject to the same regulations as the shares from which the stock arose would have been transferred prior to conversion or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum number of stock units transferable. Transfer of stock
66. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such right, privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by the number of stock units which would not, if existing in shares, have conferred that right, privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. Rights of stock-holders
67. All such provisions of this Constitution as are applicable to paid up shares shall apply to stock and in all such provisions the words 'share' and 'shareholder' shall include 'stock' and 'stockholder'. Interpretation

ALTERATIONS OF CAPITAL

68. (1) Subject to any direction to the contrary that may be given by the Company in general meeting (including by way of general authority) or except as permitted under the listing rules of the Exchange, all new shares shall before issue be offered to such Members who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares), in the opinion of the Directors, cannot be conveniently offered under this regulation 68(1). Offer of new shares to members
- (2) Notwithstanding regulation 68(1) but subject to the Statutes, the Company may by Ordinary Resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:– General authority for Directors to issue new shares and make or grant Instruments
- (a) (i) issue shares of the Company whether by way of rights, bonus or otherwise; and/or

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(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; and

(b) (notwithstanding that the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided always that:–

(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Exchange;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and this Constitution; and

(3) (unless revoked or varied by the Company in general meeting) the authority conferred by the Ordinary Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company, or the expiration of the period within which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

69. Notwithstanding regulation 68 above but subject to the Act, the Directors shall not be required to offer any new shares or make or grant any Instruments to Members to whom by reason of foreign securities laws such offer of shares or making or granting of Instruments may not be made without registration of the shares or Instruments or a prospectus or other document, but may, at their absolute discretion and on such terms and conditions as the Directors deem fit, sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

70. Subject to any directions that may be given in accordance with the powers contained in this Constitution, any capital raised by the creation of new shares shall be considered as part of the original capital as consisting of ordinary shares and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.

Capital raised deemed original capital

71. (1) The Company may by Ordinary Resolution or as otherwise permitted by the provisions of the Statutes:

Power to consolidate, cancel and sub-divide shares

(a) consolidate and divide all or any of its share capital;

(b) subdivide its shares or any of them (subject nevertheless to the provisions of the Statutes and this Constitution) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

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- (c) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person or which have been forfeited and diminish the amount of its capital by the number of the shares so cancelled; and
- (d) subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.
- (2) The Company may by Special Resolution and subject to and in accordance with the Statutes and the listing rules of the Exchange, convert one (1) class of shares into another class of shares Power to convert shares
72. (1) The Company may reduce its share capital or any undistributable reserve in any manner (including without limitation by return of capital in cash or in specie), subject to any requirements and consents required by law. Without prejudice to the foregoing, upon cancellation of any shares purchased or otherwise acquired by the Company pursuant to these regulations and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly. Reduction of share capita
- (2) Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange and any applicable legislation or regulation, the Company may authorise the Directors in general meeting to purchase or otherwise acquire ordinary shares, stocks, preference shares, options, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. The Company may deal with any such share which is so purchased or acquired by the Company in such manner as may be permitted by, and in accordance with, the Act (including without limitation, to hold such share as a treasury share). Without prejudice to the foregoing, upon cancellation of shares purchased or otherwise acquired by the Company pursuant to this Constitution and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly. Power to repurchase shares

GENERAL MEETINGS

73. Save as otherwise permitted under the Act, an annual general meeting shall be held once in every year and in accordance with the requirements of the Act, at such time and place as may be determined by the Directors, but not more than four (4) months shall be allowed to elapse between the end of each financial year and such general meeting, unless the Registrar authorises an extension of time to hold such general meeting or as otherwise permitted by the Act, the listing rules of the Exchange and/or the Statutes. All general meetings other than annual general meetings shall be called extraordinary general meetings. The Company shall hold all its general meetings in Singapore or such other jurisdiction as may be permitted by the Exchange. Annual general meetings and extraordinary general meetings

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74. The Directors may whenever they think fit convene an extraordinary general meeting and an extraordinary general meeting shall also be convened on such requisition by Members in accordance with the Act or in default may be convened by such requisitionist as provided for under the Act. The day, time and place of any meeting shall be determined by the convenors of the meeting. If at any time there are not within Singapore sufficient Directors capable of action to form a quorum at a meeting of Directors, any Director may convene an extraordinary general meeting in the same manner as nearly as possible as that in which such a meeting may be convened by the Directors.

Calling for extraordinary general meetings

NOTICE OF GENERAL MEETINGS

75. Any general meeting at which it is proposed to pass Special Resolutions or (save as provided by the Statutes) a resolution of which special notice has been given to the Company pursuant to the Act, shall be called by at least twenty-one (21) clear days' notice in writing. An annual general meeting or any other general meeting shall be called by at least fourteen (14) clear days' notice in writing. The notice must specify the place, the day and the hour of the meeting. Such notice shall be given in the manner hereinafter mentioned to all Members other than those who are not under the provisions of this Constitution and the Act entitled to receive such notices from the Company. The period of notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. So long as the shares in the Company are listed on the Exchange, at least fourteen (14) days' notice of every general meeting shall be given by advertisement in the daily press and in writing to the Exchange and to each securities exchange upon which the shares in the Company are listed.

Notice of meeting

Subject to the provisions of the Act and the listing rules of the Exchange, notwithstanding that it has been called by a shorter notice than that specified above, a general meeting shall be deemed to have been duly called if it is agreed:

Shorter notice

- (a) in the case of an annual general meeting by all the Members entitled to attend and vote thereat; and
- (b) in the case of an extraordinary general meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent (95%) (or such other percentage as prescribed by the Act) of the total voting rights of all the Members having a right to vote at that meeting.

Provided also that the accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.

Accidental omission

76. Notice of every general meeting shall be given in any manner authorised by this Constitution to:

Persons to whom notice of meeting is to be given

- (a) every Member holding shares conferring the right to attend and vote at the meeting who at the time of the convening of the meeting shall have paid all calls or other sums presently payable by him in respect of shares;
- (b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the meeting;
- (c) every Director;
- (d) the Auditors, without prejudice to regulation 180; and

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- (e) the Exchange (and where applicable, any other securities exchange upon which the shares in the Company are listed).

No other person shall be entitled to receive notices of general meetings; Provided always that if the meeting is called for the alteration of the objects of the Company, the notice shall comply with the provisions of Section 33 of the Act regarding notices to debenture holders.

77. There shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that such proxy need not be a Member. Contents of notice for general meeting
78. Routine business shall mean and include only business transacted at an annual general meeting of the following classes, that is to say: Routine and special business
- (a) receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;
 - (b) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement;
 - (c) fixing of the fees of Directors proposed to be paid under regulation 103(1);
 - (d) declaring dividends; and
 - (e) appointing or re-appointing Auditors and fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed.

Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

79. In the case of an annual general meeting, the notice shall specify the meeting as such. In the case of any general meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect. Notice to specify nature of special business

PROCEEDINGS AT GENERAL MEETINGS

80. No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person shall form a quorum. For the purposes of this regulation, 'Member' includes a person attending as a proxy and a corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Section 179(3) of the Act and such corporation's representative is not otherwise entitled to be present at the meeting as a Member or proxy or as a corporate representative of another Member. Provided always that (i) a proxy representing more than one (1) Member shall only count as one (1) Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one (1) proxy such proxies shall count as only one (1) Member for the purpose of determining the quorum. Quorum

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81. If within thirty minutes from the time appointed for the holding of a general meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting if convened on the requisition of Members shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday then the next business day following that public holiday) at the same time and place or to such other day, time or place as the Directors may by not less than ten (10) days' notice appoint. At the adjourned meeting, any one (1) or more Members present in person or by proxy shall be a quorum. Adjournment if quorum not present
82. The Chairman (if any) of the Board, failing whom the Deputy Chairman, shall preside as Chairman at a general meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five (5) minutes after the time appointed for holding the same and willing to act as Chairman, the Directors present shall choose one of their number (or if no Director be present, or if all the Directors present decline to take the chair, the Members present shall choose one of their number) to be Chairman of the meeting. Chairman
83. The Chairman of any meeting at which a quorum is present may, with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty (30) days or more or sine die, not less than seven (7) days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting. Save as hereinbefore expressly provided, it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting. Adjournment by chairman
84. (1) If required by the listing rules of the Exchange, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the Exchange). Mandatory Polling
- (2) Subject to regulation 84(1), at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
- (a) the Chairman of the meeting; or
 - (b) not less than two (2) Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative, and entitled to vote thereat; or
 - (c) any Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than five per cent (5%) of the total voting rights of all the Members having the right to vote at the meeting; or
- Method of voting where mandatory polling not required

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- (d) any Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent (5%) of the total sum paid up on all the shares conferring that right.

A demand for a poll made pursuant to regulation 84(2) may be withdrawn only with the approval of the Chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is so demanded (and the demand is not withdrawn), a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

85. In the case of an equality of votes whether on a poll or on a show of hands, the Chairman shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled to as a Member or as a proxy of a Member. Equality of votes
86. Subject to regulation 87, where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place as the Chairman of the meeting may direct and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. No notice need be given of a poll not taken at once. In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same and such determination made in good faith shall be final and conclusive. The Chairman of the meeting may (and, if required by the listing rules of the Exchange or if so directed by the meeting shall) appoint scrutineer(s) and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. How a poll is to be taken
87. A poll on the election of a Chairman of a meeting or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than thirty (30) days from the date of the meeting) and place as the Chairman of the meeting may direct. No notice need be given of a poll not taken at once. Time for taking a poll
88. Subject to the listing rules of the Exchange, if at any general meeting any votes shall be counted which ought not to have been counted or might have been rejected, or if votes are not counted which ought to have been counted, the error shall not vitiate the result of the vote unless it is pointed out at the same meeting at which the vote is taken or at any adjournment thereof, and is in the opinion of the Chairman of sufficient magnitude to vitiate the result of the voting. The decision of the Chairman of the meeting on such matters shall be final and conclusive. Error in counting votes
89. The Members may, if the Directors at their absolute discretion deem fit, participate at a general meeting by telephone or video conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear and, if applicable, see each other and such participation shall constitute presence in person at such meeting and Members (or their proxy or, in the case of a corporation, their respective corporate representatives) so participating shall be counted in the quorum for the meeting. Such a meeting shall be deemed to take place where the largest group of Members (or their proxy, or in the case of a corporation, their respective corporate representatives) present for purposes of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is present. Meetings via electronic means

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VOTES OF MEMBERS

90. (1) Each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way. Voting rights of Members
- (2) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to regulation 9, every Member who is present in person or by proxy, attorney or corporate representative (as applicable) shall have one (1) vote for every share which he holds or represents, Provided always that:
- (a) where a Member is represented by one (1) or more proxies and the voting is conducted by way of a poll, the provisions of regulation 94 shall apply; and
- (b) where a Member who is not a relevant intermediary is represented by two (2) proxies, only one (1) of the two (2) proxies as determined by that Member, or failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and
- (c) where a Member who is a relevant intermediary is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands.
- (3) For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any general meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two (72) hours (or any such time permitted under the Statutes) before the time of the relevant general meeting as certified by the Depository to the Company.
91. A Member who is mentally disordered or whose person or estate is liable to be dealt with in any way under the law relating to mental capacity may vote, whether on a show of hands or on a poll, by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, but no person claiming to vote pursuant to this regulation shall do so unless such evidence as the Directors may require of his authority shall have been deposited at the Office not less than seventy-two (72) hours before the time for holding the meeting at which he wishes to vote. Voting rights of Members who are mentally disordered
92. In the case of joint Members, any one (1) of such Members may vote and be reckoned in a quorum at any general meeting, whether in person or by proxy, but if more than one (1) such Member is present at the meeting, then in voting upon any question, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the share and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or the Depository Register (as the case may be). Several executors, trustees or administrators of a deceased Member in whose name any share stands shall for the purpose of this regulation be deemed joint holders thereof. Voting rights of joint holders

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93. Save as expressly provided herein or in the Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy, attorney or representative at any general meeting. Where a Member is required by the listing rules of the Exchange or a court order to abstain from voting on a resolution at a general meeting, such Member shall not be entitled to vote on the relevant resolution and shall be required to abstain from voting, whether in person or by proxy, in respect of such resolution, and the Company shall be entitled to disregard any votes cast by such Member in contravention of this regulation, to the extent permitted by the Act, the listing rules of the Exchange and any other applicable laws and regulations. Right to vote
94. (1) Subject to the provisions of the Statutes: Appointment of proxies
- (a) a Member who is not a relevant intermediary may appoint not more than two (2) proxies to attend, speak and vote at the same general meeting. Where such Member's form of proxy appoints more than one (1) proxy, the proxy form shall specify the proportion of the Member's shareholding to be represented by each proxy and if no such proportion is specified, the first named proxy shall be deemed to represent 100% of the shareholdings and any second-named proxy shall be deemed to be an alternate to the first-named; and
- (b) a Member who is a relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member, and the proxy form shall specify the number and class of shares in relation to which each proxy has been appointed. If the form does not specify the required information, the first-named proxy shall be deemed to represent 100% of the shareholdings.
- (2) In any case where a Member is a Depositor, the Company shall be entitled: Shares entered in Depository Register
- (a) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at seventy-two (72) hours (or any such time permitted under the Statutes) before the time of the relevant general meeting as certified by the Depository to the Company; and
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at seventy-two (72) hours (or any such time permitted under the Statutes) before the time of the relevant general meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (3) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy. Notes and instructions
- (4) A proxy or attorney need not be a Member Proxy need not be a Member

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- (5) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the Member personally or by his attorney, or in the case of a corporation by its representative.
- (6) A Member who has deposited an instrument appointing any number of proxies to vote on his behalf at a general meeting shall not be precluded from attending and voting in person at that general meeting. Any such appointment of all the proxies concerned shall be deemed to be revoked upon the attendance of the Member appointing the proxy/proxies at the relevant general meeting. Attendance of Member at meeting
95. (1) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and: Execution of proxies
- (a) in the case of an individual, shall be:
- (i) signed by the appointor or his attorney duly authorised in writing, if the instrument of proxy is delivered personally or sent by post; or
- (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and
- (b) in the case of a corporation, shall be:
- (i) either given under its common seal, executed as a deed in accordance with the Act, signed on its behalf by an attorney or a duly authorised officer of the corporation, or in some other manner approved by the Directors, if the instrument of proxy is delivered personally or sent by post; or
- (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.
- (2) The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to regulation 96(1), failing which the instrument may be treated as invalid. Witness and authority
- (3) The Directors may, in their absolute discretion: Directors may approve method and manner, and designate procedure, for electronic communications
- (a) approve the method and manner for an instrument appointing a proxy to be authorised; and
- (b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in regulations 95(1)(a)(ii) and 95(1)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), regulation 95(1)(a)(i) and/or (as the case maybe) regulation 95(1)(b)(i) shall apply.

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(4) The instrument appointing a proxy shall be deemed to confer authority generally to act at the meeting for the Member giving the proxy, including authority to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.

96. (1) An instrument appointing a proxy or the power of attorney or other authority, if any: Deposit of proxies

(a) if sent personally or by post, must be left at the Office, or such place or one of such places (if any) as may be specified by the Company for that purpose in or by way of note to or in any document accompanying the notice convening the meeting; or

(b) if submitted by electronic communication, must be received through such means as may be specified by the Company for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,

and in either case, not less than seventy-two (72) hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy relating to more than one (1) meeting (including any adjournment thereof) having once been so delivered in accordance with this regulation 96 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

(2) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in regulation 96(1)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), regulation 96(1)(a) shall apply. Directors may specify means for electronic communications

(3) In the event that forms of proxy are sent to Members together with any notice of meeting, the accidental omission to include the form of proxy to, or the non-receipt of such form of proxy by, any person entitled to receive a notice of meeting shall not invalidate any resolution passed or any proceeding at any such meeting. Accidental omission of proxy form

97. Unless otherwise directed by the Chairman of the meeting, a vote cast by proxy shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made, Provided always that no intimation in writing of such death, mental disorder or revocation shall have been received by the Company at the Office (or at such other place within Singapore as may be specified for the deposit of instruments appointing proxies) at least one (1) hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast. Intervening death or mental disorder of Member

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98. Any corporation which is a Member may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member. The Company shall be entitled to treat a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this regulation. Corporations acting via representative
99. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision as to its validity shall be final and conclusive. Objections
100. Subject to this Constitution and any applicable legislation, the Board may, at its sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail, or facsimile. Voting in absentia

DIRECTORS

101. Subject to the Act and to the listing rules of the Exchange, the number of Directors, all of whom shall be natural persons, shall not be less than two (2) nor more than twelve (12) in number. Number of Directors
102. A Director need not be a Member and shall not be required to hold any shares of the Company by way of qualification. A Director who is not a Member shall nevertheless be entitled to receive notice of, attend and speak at all general meetings of the Company. Qualifications
103. (1) The fees of the Directors shall be determined from time to time by an Ordinary Resolution of the Company and such fees shall (unless such resolution otherwise provides) not be increased except pursuant to an Ordinary Resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall (unless such resolution otherwise provides) be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office. Fees for Directors
- (2) Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside the scope of his ordinary duties as a Director, may, subject to the Act, be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this regulation. Such extra remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by a lump sum or by way of salary, or, except in the case of a non-executive Director, by a percentage of profits, or by any or all of those modes. Extra remuneration

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| (3) | The fees (including any remuneration under regulation 103(2) above) in the case of a non-executive Director shall comprise: (i) fees which shall be a fixed sum and/or (ii) such fixed number of shares in the capital of the Company, and shall not at any time be by commission on, or percentage of, the profits or turnover. Salaries payable to Executive Directors may not include a commission on, or percentage of turnover. | Remuneration by fixed sum |
| 104. | The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company, in the course of the performance of their duties as Directors. | Reimbursement of expenses |
| 105. (1) | Subject to the Act, the Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependents or relations or connections and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. | Pensions to Directors and dependents |
| (2) | The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of, or subscription and support to, any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. | Benefits for employees |
| 106. (1) | Other than the office of auditor, a Director may hold any other office or place of profit in the Company and he or any firm of which he is a member or any limited liability partnership of which he is a partner or officer or any company of which he is a Director or shareholder may act in a professional capacity for the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. Subject to the Act, no Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company whether as vendor, purchaser, lessor, lessee, mortgagor, mortgagee, manager, agent, broker or otherwise howsoever nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested whether directly or indirectly be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established. Provided always that he has complied with the requirements of Section 156 of the Act as to disclosure. | Power of Directors to hold office of profit and to contract with Company |

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- (2) Every Director and any relevant officer of the Company (to whom Section 156 of the Act applies) shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests in transactions or proposed transactions with the Company or of any office or property held by him which might create duties or interests in conflict with his duties or interests as a Director or such officer (as the case may be). Notwithstanding such disclosure, a Director shall not vote in regard to any transaction or arrangement or any other proposal whatsoever in which he has directly or indirectly a personal material interest and such Director shall not be taken into account in ascertaining whether a quorum is present at a meeting in relation to any resolution on which he is debarred from voting. Directors and relevant officer of Company to observe Section 156 of the Act
- (3) The provisions of regulation 106(2) may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction by the Company in general meeting, and any particular contract, arrangement or transaction carried out in contravention of this regulation may be ratified by Ordinary Resolution of the Company, or as otherwise provided in this Constitution.
107. (1) A Director may be or become a director of, or hold any office or place of profit (other than as auditor), or be otherwise interested in any company in which the Company may be interested as vendor, purchaser, shareholder or otherwise and such Director shall not be accountable for any fees, remuneration or other benefits received by him as a Director or officer of, or by virtue of his interest in such other company unless the Company otherwise directs. Holding of office in other companies
- (2) Subject always to regulation 106(2), the Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or managers or officers of such firm or limited liability partnership or voting or providing for the payment of remuneration to the directors of such company or managers or officers of such firm or limited liability partnership) and any such director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company or manager or officers of such firm or limited liability partnership. Directors may exercise voting power conferred by Company's shares in another company
108. The Company in general meeting may, subject to the provisions of this Constitution and any requirements of the Act, by Ordinary Resolution of which special notice has been given to all Members entitled to receive notices, from time to time remove any Director before the expiration of his period of office (notwithstanding anything in this Constitution or in any agreement between the Company and such Director) and appoint another person in place of the Director so removed, and may increase or reduce the number of Directors, and may alter their share qualifications (if any). Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company. In default of such appointment the vacancy so arising may be filled by the Directors as a casual vacancy in accordance with regulation 115. Removal of Director and change in maximum number of Directors
109. Subject as herein otherwise provided, the office of a Director shall be vacated in any of the following events, namely: Vacation of office of Director
- (a) if he is prohibited by law from acting as a Director;
- (b) if he ceases to be a Director by virtue of any of the provisions of the Act; (c)

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- (c) if (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;
 - (d) if a bankruptcy order is made against him or if he suspends payments or makes any arrangement or composition with his creditors generally;
 - (e) if he becomes mentally disordered and incapable of managing himself or his affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;
 - (f) if he becomes disqualified from acting as a director by virtue of his disqualification in any jurisdiction for reasons other than on technical grounds (in which case he must immediately resign from the Board) or removal or the revocation of his appointment as a director, as the case may be, under any applicable laws;
 - (g) if he absents himself from the meetings of the Directors during a continuous period of twelve (12) months without special leave of absence from the Board and they pass a resolution that he has by reason of such absence vacated office;
 - (h) if he is requested in writing by a majority of the other Directors for the time being to vacate office; and
 - (i) if he is removed from office by the Company in general meeting pursuant to this Constitution.
110. (1) The Directors may from time to time appoint one (1) or more of their body to be the holder of an executive office (including, where considered appropriate, the office of Chairman or Deputy Chairman) on such terms and for such period as they may (subject to the provisions of the Act) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke such appointment. Directors may hold executive offices
- (2) The appointment of any Director to the office of Chairman or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant Managing Director shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company. Cessation of directorship of Chairman or Deputy Chairman
- (3) The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company. Cessation of directorship of Executive Director
- (4) The Directors may entrust to and confer upon any Directors holding any executive office any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of or in substitution for all or any of their own powers, and may from time to time revoke, withdraw, alter, or vary all or any of those powers. Power of Executive Directors

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ROTATION OF DIRECTORS

111. Subject to this Constitution and to the Act, at each annual general meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third), selected in accordance with regulation 111, shall retire from office by rotation, Provided That all Directors shall submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years. Retirement of Directors by rotation
112. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election. Selection of Directors to retire
113. The Company at the meeting at which a Director retires under any provision of this Constitution may by Ordinary Resolution fill the vacated office by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected, unless: Deemed re-appointed
- (a) at such meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the meeting and lost; or
 - (b) such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
 - (c) such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or
 - (d) the default is due to the moving of a resolution in contravention of Section 150 of the Act.

The retirement shall not take effect until the conclusion of the meeting (except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost) and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

114. No person, other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any general meeting unless not less than eleven (11) clear days and not more than forty-two (42) clear days (exclusive of the date on which the notice is given) before the date appointed for the meeting there shall have been left at the Office (i) a notice in writing signed by some Member (other than the person to be proposed), duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election or (ii) a notice in writing duly signed by the nominee giving his consent to the nomination and signifying his candidature for the office, Provided always that, in the case of a person recommended by the Directors for election, not less than nine (9) clear days' notice only shall be necessary, and notice of each and every candidate for election shall be served on all Members at least seven (7) days prior to the meeting at which the election is to take place, provided that the nominating committee, appointed pursuant to regulation 123 has given notice in writing to the Directors confirming that such Director has met the requisite standards pursuant to the listing rules of the Exchange. Notice of intention to appoint Director

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115. The Company may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but the total number of Directors shall not at any time exceed the maximum number (if any) fixed by this Constitution. Without prejudice thereto, the Directors shall have power at any time and from time to time to do so, but any person so appointed by the Directors shall hold office only until the next annual general meeting and shall then be eligible for re-election.
- Directors' power to fill casual vacancies and to appoint additional Directors

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

116. The Directors may from time to time appoint one (1) or more of their body to be Managing Director(s) of the Company or may appoint any one or more of their body or any other person(s) to be Chief Executive Officer(s) of the Company (or any equivalent appointment(s) howsoever described) and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places. Where an appointment is for a fixed term such term shall not exceed five (5) years.
- Appointment of Managing Director/Chief Executive Officer
117. Subject to the provisions of any contract between a Managing Director or Chief Executive Officer and the Company, the Managing Director or Chief Executive Officer (or any person holding an equivalent appointment) who is a Director shall be subject to the same provisions as to retirement, resignation and removal as the other Directors, and (without prejudice to the provisions of any contract between him and the Company), his appointment shall be automatically determined if he ceases from any cause to be a Director.
- Retirement, removal and resignation of Managing Director/Chief Executive Officer
118. A Managing Director or Chief Executive Officer (or any person holding an equivalent appointment) shall, subject to the Act and to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profit, or partly in one way and partly in another) as the Directors may determine; but he shall not (if he is also a Director) under any circumstance be remunerated by a commission on or a percentage of turnover.
- Remuneration of Managing Director/Chief Executive Officer
119. The Directors may entrust to and confer upon a Managing Director or Chief Executive Officer (or any person holding an equivalent appointment) any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of or in substitution for all or any of their own powers, and may from time to time revoke, withdraw, alter, or vary all or any of those powers. A Managing Director or Chief Executive Officer (or any person holding an equivalent appointment) shall be subject to the control of the Board.
- Powers of Managing Director/Chief Executive Officer

POWERS AND DUTIES OF DIRECTORS

120. The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors who may exercise all such powers of the Company as are not by the Statutes or by this Constitution required to be exercised by the Company in general meeting. The Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking unless such proposals have been approved by the Company in a general meeting. The general powers given by this regulation shall not be limited or restricted by any special authority or power given to the Directors by any other regulation.
- Directors' general power to manage

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121. The Directors may establish any local boards or agencies for managing any affairs of the Company, either in Singapore or elsewhere, and may appoint any persons to be members of such local boards or any managers or agents, and may fix their remuneration and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person acting in good faith and without notice of any such annulment or variation shall be affected thereby. Establishing local Boards
122. Subject to the Statutes and the provisions of this Constitution, the Directors may at their discretion exercise all powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any of the property or business of the Company including any uncalled or called but unpaid capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. Power to borrow
123. The Directors may delegate any of their powers or discretion to committees consisting of one (1) or more members of their body as they think fit and (if thought fit) one (1) or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon them by the Board. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee. Power to delegate to committee
124. The meetings and proceedings of any such committee consisting of two (2) or more members shall be governed mutatis mutandis by the provisions of this Constitution regulating the meetings and proceedings of the Directors, so far as the same are applicable and are not superseded by any regulations made by the Directors under the last preceding regulation. Proceedings of committees
125. The Directors may, at any time, and from time to time, by power of attorney under the Seal or executed as a deed in accordance with the Act, appoint any corporation, firm, limited liability partnership, or person or any body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution), and for such period and subject to such conditions as the Directors may from time to time think fit, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the Directors may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Power to appoint attorneys
126. All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments in which the Company is in any way concerned or interested and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall from time to time by resolution determine. Signing of cheques and bills

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127. All acts done by any meeting of Directors or of a committee of Directors or by any person acting as Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director or person acting as aforesaid or that they or any of them were or was disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of the committee and had been entitled to vote. Validity of acts despite defect in appointment
128. The Company or the Directors on behalf of the Company may in exercise of the powers in that behalf conferred by the Act, cause to be kept a Branch Register or Register of Members, and the Directors may (subject to the provisions of the Act) make and vary such regulations as they may think fit in respect of the keeping of any such Register. Branch register

ALTERNATE DIRECTOR

129. Any Director may at any time by writing under his hand and deposited at the Office, or delivered at a meeting of the Directors, appoint any person (other than another Director or an Alternate Director) approved by a majority of his co-Directors to be his Alternate Director during such period as he thinks fit and may in like manner at any time terminate such appointment. Any appointment or removal by electronic communication shall be confirmed as soon as possible by letter, but may be acted upon by the Company meanwhile. Appointment of Alternate Director
130. A person may not act as an Alternate Director for more than one (1) Director at the same time. No Director may act as Alternate Director
131. The appointment of an Alternate Director shall ipso facto terminate on the happening of any event which if he were a Director would render his office as a Director to be vacated and his appointment shall also terminate ipso facto if his appointor ceases for any reason to be a Director. Determination of appointment
132. An Alternate Director shall (subject to his giving to the Company an address in Singapore) be entitled to receive notices of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all functions of his appointor as a Director and for the purposes of the proceedings of such meeting the provisions of this Constitution shall apply as if he (instead of his appointor) were a Director. If his appointor is for the time being absent from Singapore or temporarily unable to act through ill health or disability, his signature to any resolution in writing of the Directors shall be as effective as the signature of his appointor. To such extent as the Directors may from time to time determine in relation to any committee of the Directors, the foregoing provisions of this paragraph shall also apply mutatis mutandis to any meeting of any such committee of which his appointor is a member. An Alternate Director shall not (save as aforesaid) have power to act as a Director nor shall he be deemed to be a Director for the purposes of this Constitution. Notices and attendance at meetings
133. An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as Alternate Director any remuneration. Any fee paid to an Alternate Director shall be deducted from the remuneration otherwise payable to his appointor. Remuneration

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134. An Alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being under this Constitution but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.

Alternate Director counted for quorum purposes

135. An Alternate Director shall not be required to hold any share qualification.

Alternate Director need not hold share qualification

PROCEEDINGS OF DIRECTORS

136. The Directors or any committee of Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number, two (2) shall be a quorum. Subject to the provisions of this Constitution, questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote Provided always that the Chairman of a meeting at which only two (2) Directors are present and form the quorum or where only two (2) Directors are competent to vote on the question at issue shall not have a second or casting vote. A meeting of the Directors or any committee of Directors at which a quorum is present at the time the meeting proceeds to business shall be competent to exercise all the powers and discretions for the time being exercisable by the Directors or such committee of Directors.

Meetings of Directors and quorum

137. A Director may, and on the request of a Director the Secretary shall, at any time summon a meeting of the Directors by notice served upon the several members of the Board. Notice of a meeting of Directors shall be given to all Directors in writing at least two (2) days prior to the day of the meeting, whether or not he is in Singapore. The period of notice shall be exclusive of the day on which it is served or deemed to be served and the day on which the meeting is to be held. A Director may also waive notice of any meeting and such waiver may be retrospective and for this purpose, the presence of a Director at the meeting shall be deemed to constitute a waiver on his part. The provisions of regulations 181 and 186 shall apply mutatis mutandis to notices of meetings of the Directors or any committee of Directors.

Convening meetings

138. The accidental omission to give any Director, or the non-receipt by any Director of, a notice of meeting of Directors shall not invalidate the proceedings at that meeting.

Accidental omission

139. The Directors or any committee of Directors may from time to time elect a Chairman and a Deputy Chairman (or two (2) or more Deputy Chairmen) and determine the period for which each is to hold office. The Chairman or, in his absence, the Deputy Chairman, shall preside as Chairman at their meetings, but if no such Chairman or Deputy Chairman shall have been appointed or if at any meeting of the Directors, no Chairman or the Deputy Chairman shall be present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting. If at any time there is more than one Deputy Chairman, the right in the absence of the Chairman to preside at a meeting of the Directors or of the Company shall be determined as between the Deputy Chairmen present (if more than one) by seniority in length of appointment or otherwise as resolved by the Directors.

Chairman

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140. The Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to this Constitution, the continuing Directors or Director may, except in an emergency, act for the purpose (i) of appointing sufficient Directors to bring the Board up to that number or (ii) of summoning a general meeting of the Company notwithstanding that there shall not be a quorum, but not for any other purpose. If there are no Directors or Director able or willing to act, then any two (2) Members may summon a general meeting for the purpose of appointing Directors.
141. A resolution in writing signed or approved by a majority of the Directors or their alternates for the time being (who are not prohibited by law, the listing rules of the Exchange or this Constitution from voting on such resolutions) and constituting a quorum shall be as effective as a resolution duly passed at a meeting of the Directors or of a committee of Directors duly convened and held. Any such resolution may be contained in a single document or may consist of several documents all in like form, each signed or approved as aforesaid provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate. A resolution pursuant to this regulation shall be deemed to have been passed on the date when the resolution is signed or approved by the last Director constituting a simple majority of the Directors. For the purpose of this regulation 'in writing' and 'signed' include approval by letter, telex, facsimile, cable, telegram, email or any other form of electronic communication or telegraphic communication or means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.
142. The meetings of Directors may be conducted by means of telephone or video conference or other methods of simultaneous communication by electronic, audio, audio-visual or other similar means or other technology by which all Directors participating in the meeting are able to hear and be heard by or to communicate with all the other Directors participating, for the despatch of business, adjourn and otherwise regulate their meetings as they think fit and the quorum for such teleconference meetings shall be the same as the quorum required for a Directors' meeting provided in these regulations. A resolution passed by such a teleconference shall, notwithstanding that the Directors are not present together at one (1) place at the time of the meeting, be deemed to have been passed at the meeting of the Directors held on the day and at the time at which the conference was held, and all Directors participating at that meeting shall be deemed for all purposes of these regulations to be present at that meeting. The minutes of such a meeting signed by the Chairman of the meeting shall be conclusive evidence of any resolution of any meeting so conducted. Such a meeting shall be deemed to be held at the place determined by the Chairman of the meeting.
143. The Directors participating in any such meeting shall be counted in the quorum for such meeting and, subject to there being a requisite quorum under this Constitution, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held.
144. In the case of a meeting which is not held in person, the fact that a Director is taking part in the meeting must be made known to all the other Directors taking part, and no Director may disconnect or cease to take part in the meeting unless he makes known to all other Directors taking part that he is ceasing to take part in the meeting.

Proceeding
in case of
vacancies

Resolutions in
writing

Meetings via
electronic means

Directors
participating
in electronic
meetings
counted towards
quorum

Participation of
Director must be
made known

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145. The Directors shall cause proper minutes to be made in books to be provided for the purpose of recording all the proceedings of all meetings of Directors and committees of Directors and of the attendances thereat and of the proceedings of all meetings of the Company and all business transacted, resolutions passed, appointments of officers made by the Directors and orders made at such meetings and any such minutes of any meeting, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting of the Company or Directors or committee as the case may be, shall be sufficient evidence without any further proof of the facts therein stated. Minutes
146. The Directors shall duly comply with the provisions of the Act and in particular the provisions with regard to the registration of charges created by or affecting property of the Company, a Register of Members, a Register of Mortgages and Charges and a Register of Directors' and Chief Executive Officer's Share and Debenture Holdings, and the production and furnishing of copies of such Registers and of any Register of Holders of Debentures of the Company. Keeping of Registers, etc.
147. Any register, index, minute book, accounting record, minute or other document required by this Constitution or by the Act to be kept by or on behalf of the Company may be kept either in hard copy form or in electronic form, subject to compliance with the provisions of the Act. In any case in which bound books are not used, the Directors shall take adequate precautions for guarding against falsification and for facilitating discovery. Form of Registers, etc.
148. Subject to the Act and to the generality of regulation 141, any resolution passed by the Directors notice whereof has been given to the Members in the manner in which notices are herein directed to be given and which has within one (1) month after it was so passed been ratified and confirmed in writing by Members entitled to three-fourths of the votes shall be as valid and effectual as a resolution of a general meeting but this regulation shall not apply to a resolution for winding up of the Company or to a resolution passed in respect of any matter which by the Act or these presents ought to be dealt with by a special resolution. Resolutions of Directors requiring ratification by Members
- SECRETARY**
149. The Secretary shall be appointed by the Directors for such term at such remuneration and upon such conditions as they may think fit; and any Secretary so appointed may be removed by them, but without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company. If thought fit, two (2) or more persons may be appointed as Joint Secretaries. The Directors may also appoint from time to time on such terms as they may think fit one (1) or more Assistant Secretaries. The appointment and duties of the Secretary or Joint Secretaries shall not conflict with the provisions of the Act. Appointment and removal of Secretary
150. A provision of the Act or this Constitution requiring or authorising a thing to be done by or in relation to a Director and the Secretary shall not be satisfied by its being done by or in relation to the same person acting as Director and as or in place of the Secretary. Only Director and Secretary can act
151. A provision of the Act or this Constitution requiring or authorising a thing to be done by or in relation to the Secretary shall be satisfied by its being done by or in relation to one (1) or more of the joint Secretaries if any for the time being appointed by the Directors or by any officer of the Company authorised generally or specially in that behalf by the Directors. Joint Secretaries

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THE SEAL

152. The Directors shall provide for the safe custody of the Seal (if any) which shall only be used with the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf; and every instrument to which the Seal shall be affixed shall be (subject to the provisions of this Constitution as to certificates for shares) signed by one (1) Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose. Any facsimile signature may be reproduced by mechanical, electronic or such other method as may from time to time be approved by the Directors. Notwithstanding anything herein, the Company may execute any document described or expressed as a deed in accordance with the Act and without affixing the Seal. Use of Seal
153. The Company may exercise all the powers conferred by Section 41 of the Act to have an official seal for use abroad and such powers shall be vested in the Directors and such official seal shall be affixed by the authority and in the presence of and the instruments sealed therewith shall be signed by such persons as the Directors shall from time to time by writing under the seal appoint. Official Seal overseas
154. The Company may have a duplicate common seal as referred to in Section 124 of the Act which shall be a facsimile of the common seal of the Company with the addition on its face of the words 'Share Seal'. Share Seal

AUTHENTICATION OF DOCUMENTS

155. Any Director or the Secretary or any person appointed by the Directors for the purpose, shall have power to authenticate any documents affecting the Constitution of the Company; any resolutions passed by the Company, the Directors or any committee; and any books, records, documents, accounts and financial statements relating to the business of the Company. Such persons shall have the authority to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents, accounts or financial statements are elsewhere than at the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. Any authentication or certification made pursuant to this regulation may be made by any electronic means approved by the Directors from time to time incorporating, if the Directors deem necessary, the use of security procedures or devices approved by the Directors. Power to authenticate documents
156. A document purporting to be a copy of a resolution or an extract from the minutes of a meeting, of the Company or of the Directors or any committee, which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting. Certified copies of resolution of Directors

Any authentication or certification made pursuant to regulation 155 above and/or this regulation may be made by any electronic means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

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DIVIDENDS AND RESERVES

157. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted by the Act, (a) all dividends shall be declared and paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and (b) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. For the purposes of this regulation, no amount paid or credited as paid on a share in advance of a call shall be treated as paid on the share.
- Apportionment of dividends
158. The Directors may, from time to time, set aside out of the profits of the Company and carry to reserve, such sum or sums as they think proper which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may properly be applied and pending such application, may either be employed in the business of the Company or be invested. The Directors may divide the reserve fund into such special funds as they think fit and may consolidate into one (1) fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions (if any) of the Statutes.
- Power to set aside profits as reserve
159. The Directors may, upon the recommendation of the Directors and with the sanction of an Ordinary Resolution at a general meeting, from time to time declare dividends, but no such dividend shall (except as by the Statutes expressly authorised) be payable otherwise than out of the profits of the Company. No higher dividend shall be paid than is recommended by the Directors and a declaration by the Directors as to the amount of the profits at any time available for dividends shall be conclusive. The Directors may, if they think fit, and if in their opinion the profits of the Company justifies such payment, without any such sanction as aforesaid, from time to time declare and pay fixed dividends (either in cash or in specie) on any class of shares carrying a fixed dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and may also from time to time pay to the holders of any class of shares interim dividends of such amounts and on such dates and in respect of such periods as they may think fit.
- Declaration and payment of dividends

Interim dividends
160. The Company may upon the recommendation of the Directors by Ordinary Resolution, direct payment of a dividend in whole or in part in specie by the distribution of specific assets (and in particular of paid-up shares or debentures or debenture stock of any other company or any combination of any specific assets) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments shall be made to any Members in terms of the value so fixed, in order to adjust the rights of all parties. The Directors may vest any such specific assets in trustees as may seem expedient to the Directors and no valuation, adjustment or arrangement so made shall be questioned by any Member.
- Payment of dividends in specie

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161. (1) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- Scrip
dividends
- (a) the basis of any such allotment shall be determined by the Directors;
 - (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid. The Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend(s) or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this regulation;
 - (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, provided that the Directors may determine, either generally or in specific cases, that such right shall be exercisable in respect of the whole or any part of that portion; and
 - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect of which the share election has been duly exercised (the “elected shares”) and in lieu of cash and in satisfaction thereof shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose, and notwithstanding the provisions of regulation 170, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sums as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

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- (2) (a) The shares of the relevant class allotted pursuant to the provisions of paragraph (1) of this regulation shall rank *pari passu* in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify. Ranking of shares and other actions
- (b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this regulation, with full power to make such provisions as they may think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the Members) and to authorise any person to enter on behalf of the Members interested into agreement(s) with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
- (3) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this regulation, determine that the rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit and, in such event, the provisions of this regulation shall be read and construed subject to such determination. Record date
- (4) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this regulation, further determine that:– Cash in lieu of shares
- (a) no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members (or as the case may be) the Depository Register are outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and, in such event, the only entitlements of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared; and
- (b) no allotment of shares or rights of election for shares under paragraph (1) of this regulation shall be made available or made to a person, or any persons, if such allotment or rights of election would in the opinion of the Directors cause such person, or such persons, to hold or control voting shares in excess of any shareholding or other limits which may from time to time be prescribed in any Statute, without the approval of the applicable regulatory or other authority as may be necessary.

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| (5) | Notwithstanding the foregoing provisions of this regulation, if at any time after the Directors' resolution to apply the provisions of paragraph (1) of this regulation in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that, by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever, it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interests of the Company, cancel the proposed application of paragraph (1) of this regulation. | Cancellation |
| 162. | No shareholder shall be entitled to receive any dividend or to be present or vote at any meeting or upon a poll, or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any). | No right to dividends where calls outstanding |
| 163. | The Directors may deduct from any dividend or other moneys payable to a Member in respect of any share held by such Member, either alone or jointly with any other Member, any or all sums of money as may be due and payable by him, either alone or jointly with any other person in respect of any debts, liabilities or engagements to the Company on account of calls or otherwise towards satisfaction (in whole or in part) of such debts, liabilities or engagements, or any other account which the Company is required by law to deduct. | Deduction from debts due to Company |
| 164. | A transfer of a share shall not pass the right to any dividend declared in respect thereof before the transfer has been registered. | Effect of transfer of shares |
| 165. | (1) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. | Retention of dividends on shares subject to lien |
| | (2) The Directors may retain the dividends payable on shares in respect of which any person is under this Constitution, as to the transmission of shares, entitled to become a Member, or which any person under this Constitution is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same. | Retention of dividends on shares pending transmission |
| 166. | The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company. | Waiver of dividends |

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167. (1) Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto (or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one (1) of such persons) or (as the case maybe) to the Depository for distribution to the Depositors entitled thereto or to such Member or person at such address as such persons may in writing direct or by such means (including, by electronic means) as the Directors may decide at their absolute discretion. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby and the Company shall not be responsible for the loss of any cheque or warrant sent through the post, which shall be sent by post duly addressed to the Member for whom it is intended.
- Dividend paid by cheque or warrant
- (2) Notwithstanding the provisions of paragraphs (1) and (3) of this regulation, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.
- Payment to Depository good discharge
- (3) Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.
- Resolution declaring dividends
168. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six (6) years from the date they are first payable may be forfeited and if so forfeited, shall revert to the Company. However, the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividends or moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date such dividend or other moneys are first payable. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends or moneys, howsoever and whatsoever.
- Unclaimed dividends or other moneys
169. No dividend or other monies payable on or in respect of a share shall bear interest as against the Company.
- No interest on dividends

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BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

170. The Company may, upon the recommendation of the Directors, with the sanction of an Ordinary Resolution (including any Ordinary Resolution passed pursuant to regulation 68(2)):
- Power to capitalise profits
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to regulation 68(2)) such other date as may be determined by the Directors,
- in proportion to their then holdings of shares; and/or
- (b) capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to regulation 68(2)) such other date as may be determined by the Directors,
- in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up and amongst them as bonus shares in the proportion aforesaid.
171. The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation under regulation 170, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for any such bonus issue and/or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all such Members.
- Directors to give effect to bonus issues and/or capitalisation
172. In addition and without prejudice to the powers provided for by regulations 170 and 171 above, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:
- Power to issue free shares and/or to capitalise reserves for employee share-based incentive plans
- (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by Members in general meeting and on such terms as the Directors shall think fit; or

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- (b) be held by or for the benefit of non-executive Directors as part of their remuneration under regulation 103(1) and/or regulation 103(2) approved by Members in general meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

FINANCIAL STATEMENTS

173. Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes shall be kept at the Office, or, at such other place as the Directors think fit and shall always be open to inspection by Directors. Location of books of accounts
174. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members and no Member (not being a Director) or other person shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or ordered by a court of competent jurisdiction or authorised by the Directors or by a resolution of the Company in general meeting. Inspection
175. In accordance with the provisions of the Act, the Directors shall from time to time in accordance with the Act cause to be prepared and to be laid before the Company in general meeting such financial statements, balance sheets, reports, statements and other documents as may be necessary. The interval between the close of the Company's financial year and the date of the Company's annual general meeting shall not exceed four (4) months (or such other period as may be permitted by the Act and the listing rules of the Exchange). Preparation and presentation of financial statements
176. A copy of the financial statements and, if required, the balance sheet (including every document required by law to be attached thereto) which is duly audited and which is to be laid before the Company in general meeting accompanied by a copy of the Auditor's report thereon, shall not less than fourteen (14) days before the date of the meeting be sent to every Member of the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statutes or this Constitution; Provided always that:
- (a) these documents may, subject to the listing rules of the Exchange, be sent less than fourteen (14) days before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree;
- (b) this regulation shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one (1) of any joint holders of any shares in the Company or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office; and
- (c) such number of each document as is referred to in this regulation or such other number as may be required by the Exchange shall be forwarded to the Exchange at the same time as such documents are sent to the Members. Copies of financial statements

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AUDIT AND AUDITORS

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| 177. Auditors of the Company shall be appointed and their duties regulated in accordance with the provisions of the Act. | Regulation of Auditors |
| 178. Every auditor of the Company shall have a right of access at all times to the accounting and other records of the Company and shall make his report as required by the Act. | Auditor's rights to documents |
| 179. Subject to the provisions of the Act, all acts done by any person acting as an auditor of the Company shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified. | Acts of Auditors valid despite defect in appointment |
| 180. The auditors of the Company or their agent authorised by them in writing for the purpose shall be entitled to attend any general meeting and to receive all notices of and other communications relating to any general meeting to which any Member is entitled and to be heard at any general meeting on any part of the business of the meeting which concerns them as auditors of the Company. | Auditor's right to receive notice and attend meetings |

NOTICES

- | | |
|--|--------------------------------------|
| 181. Any notice or document (including a share certificate) may be served on or delivered to any Member either personally or by sending it through the post in a prepaid cover addressed to such Member at his registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company or (as the case may be) supplied by him to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the time when the cover containing the same is posted, and in proving such service or delivery, it shall be sufficient to prove that such cover was properly addressed, stamped and posted. When a given number of days' notice or notice extending over any other period is required to be given, the day of service shall not, unless otherwise provided for or required by these regulations or by the Act, be counted in such number of days or period. | Service of notice |
| (1) Without prejudice to the provisions of regulation 181 but subject otherwise to the Act and any regulations made thereunder and the listing rules of the Exchange relating to electronic communications, any notice or document (including, without limitation, any accounts, balance sheets, financial statements, circulars or reports) which is required or permitted to be given, sent or served under the Act or under this Constitution by the Company, or by the Directors, to a Member or officer or Auditor of the Company may be given, sent or served using electronic communications (including by electronic mail or short message service):

(a) to the current address of that person;

(b) by making it available on a website prescribed by the Company from time to time; or

(c) in such manner as such Member expressly consents to by giving notice in writing to the Company,

in accordance with the provisions of this Constitution, the Statutes, the listing rules of the Exchange and/or any other applicable regulations or procedures. | Service by electronic communications |

APPENDIX I – NEW CONSTITUTION

- (2) For the purposes of regulation 182(1), subject to the Act and any regulations made thereunder and the listing rules of the Exchange relating to electronic communications, a Member shall be implied to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document
- (3) Notwithstanding regulation 182(2) above, subject to the Act and any regulations made thereunder and the listing rules of the Exchange relating to electronic communications, the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and such Member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.
- (4) Notwithstanding regulations 182(2) and 182(3) above, the Company shall send to the Members physical copies of such notices or documents as may be specified by law or the listing rules of the Exchange, and shall inform the Members as soon as practicable of how to request a physical copy of such notice or document and provide a physical copy of such notice or document upon such a request.
- (5) Where a notice or document is given, sent or served by electronic communications:
- (a) to the current address of a person pursuant to regulation 182(1)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company, its service provider or agent, to the current address of such person (notwithstanding any delayed receipt, non-delivery or “returned mail” reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act and/or the listing rules of the Exchange; and
- (b) by making it available on a website pursuant to regulation 182(1)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Act and/or the listing rules of the Exchange.
- (6) Where a notice or document is given, sent or served to a Member by making it available on a website pursuant to regulation 182(1)(b), the Company shall give separate notice to the Member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by sending such separate notice to the Member personally or through the post pursuant to regulation 181.

Implied consent

Deemed consent

Physical copies

When notice given by electronic communications deemed served

Notice to be given of service on website

APPENDIX I – NEW CONSTITUTION

183. All notices, communications and/or documents (including a share certificate) with respect to any share to which persons are jointly entitled, shall be given to whichever of such persons is named first in the Register of Members or the Depository Register (as the case may be), and notice so given shall be sufficient notice to all the holders of such shares. For such purpose a joint holder having no registered address in Singapore and not having supplied an address within Singapore for the service of notices shall be disregarded. Service of notices to joint holders
184. Any Member described in the Register of Members or the Depository Register (as the case may be) by an address not within Singapore who shall from time to time give notice in writing to the Company or the Depository of an address within Singapore at which notices, communications and/or documents may be served upon him shall be entitled to have served upon him at such address any notice, communications and/or documents to which he would be entitled under this Constitution but, save as aforesaid, no Member other than a Member with a registered address within Singapore shall be entitled to receive any notice, communications and/or documents from the Company. Service on overseas Members
185. A person entitled to a share in consequence of the death or bankruptcy of a Member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also to the Company or (as the case may be) the Depository an address within Singapore for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the Member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any Member or given, sent or served to any Member using electronic communications in pursuance of this Constitution shall, notwithstanding that such member be then dead or bankrupt or in liquidation, and whether or not the Company shall have notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member in the Register of Members or, where such member is a Depositor, entered against his name in the Depository Register as sole or first-named joint holder. Service of notice after death or bankruptcy
186. Any notice on behalf of the Company or of the Directors shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company, whether such signature is printed or written. Signature on notice
187. Any summons, notice, order or other document required to be sent to or served upon the Company, or upon any officer of the Company may be sent or served by leaving the same or sending it through registered mail in a prepaid letter, addressed to the Company or to such officer at the Office. Service on Company

WINDING-UP

188. If the Company shall be wound up, subject to due provision being made for satisfying the claims of any holders of shares having attached thereto any special rights in regard to the repayment of capital, the surplus assets shall be applied in repayment of the capital paid up or credited as paid up on the shares at the commencement of the winding up. Distribution of surplus assets

APPENDIX I – NEW CONSTITUTION

189. If the Company shall be wound up (whether the liquidation is voluntary under supervision or by the Court), the liquidator may, with the sanction of a Special Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company, whether or not the assets shall consist of property of one (1) kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one (1) or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members, but if any division is resolved otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 306 of the Act. A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any shares or other consideration receivable by the liquidator amongst the Members otherwise than in accordance with their existing rights; and any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section. Distribution of assets in specie
190. The liquidator may, as he thinks fit, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other securities in respect of which there is a liability. Trust of assets
191. In the event of a winding up of the Company, every Member who is not for the time being in Singapore shall be bound, within fourteen (14) days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some person in Singapore upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such Member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such Member for all purposes, and where the liquidator makes any such appointment he shall with all convenient speed, give notice thereof to such Member by advertisement in any English newspaper widely circulated in Singapore or by a registered letter sent through the post and addressed to such Member at his address as appearing in the Register of Members or (as the case may be) the Depository Register, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted. Service of notice

INDEMNITY

192. Subject to the provisions of and so far as may be permitted by the Statutes, every Director or other officer for the time being of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto. Without prejudice to the generality of the foregoing, no Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty, breach of trust or fraudulent act. Indemnity

APPENDIX I – NEW CONSTITUTION

SECRECY

193. No Member shall be entitled to require discovery of or any information relating to any detail of the Company's trade or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the Members of the Company to communicate to the public save as may be authorised by law or required by the listing rules of the Exchange.

Secrecy

PERSONAL DATA

194. (1) A Member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that Member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:
- (a) implementation and administration of any corporate action by the Company (or its agents or service providers);
 - (b) internal analysis and/or market research by the Company (or its agents or service providers);
 - (c) investor relations communications by the Company (or its agents or service providers);
 - (d) administration by the Company (or its agents or service providers) of that Member's holding of shares in the Company;
 - (e) implementation and administration of any service provided by the Company (or its agents or service providers) to its Members to receive notices of meetings, annual reports and other Member communications and/or for proxy appointment, whether by electronic means or otherwise;
 - (f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any general meeting (including any adjournment thereof);
 - (g) implementation and administration of, and compliance with, any provision of this Constitution;
 - (h) implementation and administration of, and compliance with, any provision of this Constitution;
 - (i) any other purposes specified in the Company's prevailing privacy or data protection policies; and
 - (j) purposes which are reasonably related to any of the above purposes.

Personal data

APPENDIX I – NEW CONSTITUTION

- (2) Any Member who appoints a proxy and/or representative for any general meeting including any adjournment thereof is deemed to have warranted that where such Member discloses the personal data of such proxy and/or representative to the Company (or its agents and service providers), that Member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in regulation 194(1) and for any purposes reasonably related to regulation 194(1), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of or in connection with such Member's breach of warranty.

Personal data of proxies and/or representatives

APPENDIX J – PRINCIPAL REGULATIONS IN THE NEW CONSTITUTION WHICH ARE SIGNIFICANTLY DIFFERENT FROM THE EQUIVALENT ARTICLES IN THE EXISTING CONSTITUTION

Set out below are the principal provisions in the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, with the main differences blacklined.

1. Regulation 1 (Article 2 of the Existing Constitution)

21. ~~In these Articles (if not inconsistent with the subject or context) this Constitution, the words interpretation and expressions set out~~ standing in the first column of the table below shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context:

WORDS	MEANING
“the Company”	ARTIVISION TECHNOLOGIES LTD and by whatever name from time to time called.
“the Act”	The Companies Act, Cap. 50 and any statutory
“these Articles”	These Articles of Association as originally framed or as altered from time to time by Special Resolution.
“the Directors” or the “Board”	The Directors for the time being of the Company or such number of them as have authority to act for the Company.
“the Secretary”	Any person or persons appointed under these Articles to perform the duties of the Secretary of the Company including any person appointed temporarily.
<u>‘Act’</u>	<u>The Companies Act, Chapter 50, of Singapore or any modification, amendment or re-enactment thereof for the time being in force and any reference to any provision of the Act is to that provision as so modified or re-enacted or contained in any such subsequent Act.</u>
<u>‘Alternate Director’</u>	<u>An alternate director appointed pursuant to regulation 129</u>
<u>‘Auditors’</u>	<u>The auditors for the time being of the Company.</u>
<u>‘capital’</u>	<u>Share capital.</u>
<u>‘Company’</u>	<u>Artivision Technologies Ltd, by whatever name from time to time called.</u>
<u>‘Constitution’</u>	<u>This constitution, as may be amended from time to time.</u>
<u>‘Director’</u>	<u>Includes any person acting as a director of the Company and includes any person duly appointed and acting for the time being as an Alternate Director.</u>
<u>‘Directors’ or “the ‘Board’”</u>	<u>The Directors for the time being of the Company as a body or a quorum of the Directors present at a meeting of the Directors.</u>

APPENDIX J – PRINCIPAL REGULATIONS IN THE NEW CONSTITUTION WHICH ARE SIGNIFICANTLY DIFFERENT FROM THE EQUIVALENT ARTICLES IN THE EXISTING CONSTITUTION

<u>'dividend'</u>	<u>Includes bonus dividend.</u>
<u>'Exchange'</u>	<u>The Singapore Exchange Securities Trading Limited and, where applicable, its successors in title.</u>
<u>'in writing'</u>	<u>Written or produced by any substitute for writing or partly one and partly another and shall include (except where otherwise expressly specified in this Constitution or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Statutes) any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.</u>
<u>'Market Day'</u>	<u>A day on which the Singapore Exchange Securities Trading Limited is open for trading in securities.</u>
<u>'Member', 'holder of any share' or 'shareholder'</u>	<p><u>A person who is registered as the holder of shares in the Capital of the Company.</u></p> <p>(a) <u>Where the Depository is named in the Register as the holder of shares, a Depositor in respect of the number of shares standing to the credit of his name in the Depository Register; and</u></p> <p>(b) <u>in any other case, a person whose name appears on the Register as a shareholder,</u></p> <p><u>save that references in this Constitution to a 'Member' or 'shareholder' shall, where the Act requires, exclude the Company by reason of it holding shares as treasury shares.</u></p>
<u>'Month'/'month'</u>	<u>Calendar month.</u>
<u>'the Office'/'Office'</u>	<u>The Registered Office registered office of the Company for the time being.</u>
<u>'paid up'</u>	<u>Includes credited as paid up.</u>
<u>'Register of Members'</u>	<u>The Register of Members maintained by the Company pursuant to the Act.</u>
<u>'registered address' or 'address'</u>	<u>In relation to any Member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly provided in this Constitution.</u>
<u>'Registrar'</u>	<u>The Registrar of Companies appointed under the Act and includes any Deputy or Assistant Registrar of Companies.</u>

APPENDIX J – PRINCIPAL REGULATIONS IN THE NEW CONSTITUTION WHICH ARE SIGNIFICANTLY DIFFERENT FROM THE EQUIVALENT ARTICLES IN THE EXISTING CONSTITUTION

<u>‘regulation’</u>	<u>A regulation of this Constitution, as altered or added to from time to time and any reference to a regulation by number is a reference to the regulation of that number in this Constitution.</u>
<u>‘Seal’</u>	<u>The Common Seal common seal of the Company or in appropriate cases the official seal or duplicate common seal.</u>
<u>‘Secretary’</u>	<u>The secretary or secretaries for the time being of the Company and shall include any person entitled to perform the duties of secretary temporarily and where two or more persons are appointed to act as joint secretaries shall include any one of those persons.</u>
<u>‘SFA’</u>	<u>The Securities and Futures Act, Chapter 289, of Singapore or any modification, amendment or re-enactment thereof for the time being in force and any reference to any provision of the SFA is to that provision as so modified or re-enacted or contained in any such subsequent SFA.</u>
<u>‘shares’</u>	<u>Shares in the capital of the Company.</u>
<u>‘Singapore’</u>	<u>The Republic of Singapore.</u>
<u>‘the Statutes’</u>	<u>The Act and every other legislation for the time being in force concerning companies and affecting the Company.</u>
<u>‘Year’/‘year’</u>	<u>Calendar Year/year.</u>
<u>‘S\$’</u>	<u>The lawful currency of Singapore.</u>
<u>‘%’ or ‘per cent’</u>	<u>Percentage or per centum.</u>

The expressions “‘Depositor”, “‘Depository”, “‘Depository Agent”, “‘Depositor’ and ‘Depository Register’ and “‘treasury shares” shall have the meaning/meanings ascribed to them respectively in the SFA Act.

The expressions ‘current address’, ‘electronic communications’, ‘financial statements’, ‘relevant intermediary’ and ‘treasury shares’ shall have the meanings ascribed to them respectively in the Act.

References in these Articles to “holders” of shares or a class of shares shall:

- (a) ~~exclude the Depository or its nominee (as the case may be) except where otherwise expressly provided in these Articles or where the term “registered holders” or “registered holder” is used in these Articles;~~
- (b) ~~where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of those shares; and~~

APPENDIX J – PRINCIPAL REGULATIONS IN THE NEW CONSTITUTION WHICH ARE SIGNIFICANTLY DIFFERENT FROM THE EQUIVALENT ARTICLES IN THE EXISTING CONSTITUTION

~~(c) except where otherwise expressly provided in these Articles, exclude the Company in relation to shares held by it as treasury shares,~~

and “holding” and “held” shall be construed accordingly.

~~References in these Articles to “member” shall, where the Act requires, exclude the Company where it is a member by reason of its holding of its shares as treasury shares.~~

~~expression “Secretary” shall include any person appointed by the Directors to perform any of the duties of the Secretary and where two or more persons are appointed to act as Joint Secretaries shall include any one of those persons.~~

~~All such of the provisions of these Articles as are applicable to paid-up shares shall apply to stock, and the words “share” and “shareholder” shall be construed accordingly.~~

~~Any reference in these Articles to any enactment is a reference to that enactment as for the time being amended or re-enacted.~~

~~(a) Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where the context admits, include the feminine and neuter genders and vice versa. Words denoting persons shall include corporations.~~

~~(b) The expression ‘clear days’ notice’ shall, for the purposes of calculating the number of days necessary before a notice is served or deemed to be served, be exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given.~~

~~(c) Subject Save as aforesaid, any wordsword or expression definedused in the Act and the Interpretation Act, Chapter 1 shall, (if not inconsistent with the subject or context), bear the same meaningsmeaning in these Articlesthis Constitution.~~

~~(d) The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of these Articlesthis Constitution.~~

~~(e) Any reference in this Constitution to any enactment is a reference to that enactment as for the time being amended or re-enacted.~~

~~(f) A Special Resolution shall be effective for any purposes for which an ordinary resolution Ordinary Resolution is expressed to be required under any provision of these Articles this Constitution.~~

2. New Regulation 7

7. (1) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.

(2) The Company may issue shares for which no consideration is payable to it.

3. Regulation 21 (Article 16 of the Existing Constitution)

16-21. Every share The certificate of title to shares shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid and amount (if any) unpaid thereon and in such form as prescribed by the Directors from time to time, or executed as a deed in accordance with the Act. Every certificate

APPENDIX J – PRINCIPAL REGULATIONS IN THE NEW CONSTITUTION WHICH ARE SIGNIFICANTLY DIFFERENT FROM THE EQUIVALENT ARTICLES IN THE EXISTING CONSTITUTION

shall bear the autographic or facsimile signatures of at least two (2) Directors or by one (1) Director and the Secretary or a second Director or some other person appointed by the Directors, and shall specify the number and the class of shares to which it relates, whether the shares are fully or partly paid up, the amount (if any) unpaid on the shares and any other information as the Act may require. The facsimile signatures may be reproduced by mechanical, ~~electronic~~electrical or other means provided the method or system of reproducing signatures has first been approved by the Directors. No certificate shall be issued representing ~~shares of more than one class of shares.~~

4. New Regulation 29

29. No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same.

5. Regulation 38 (Article 44 of the Existing Constitution)

4438. (1) Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to any Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs or any person becoming entitled to a share by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share may, upon producing such evidence of title as the Directors may reasonably shall require to show his legal title to the share, elect either to be registered himself as holder of the share upon giving or transfer the share to some other person, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member.

(2) If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing of such desire or transfer such signed by him stating that he so elects. If he shall elect to transfer the share to another person he shall testify his election by executing to that person a transfer of the share to some other person. All the limitations, restrictions and provisions of these Articles this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members event upon which transmission took place had not occurred and the notice or transfer were a transfer executed by signed by the person from whom the title by transmission is derived. The Directors shall have, in respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer was a transfer executed by the person from whom the title by transmission is derived. In the case of any person becoming entitled to the interest of a Depositor in respect of a share in consequence of the death of the Depositor, Section 81SQ of the SFA shall apply.

**APPENDIX J – PRINCIPAL REGULATIONS IN THE NEW CONSTITUTION WHICH
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~~(3) The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be) entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within sixty (60) days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.~~

6. Regulation 71 (Article 9 of the Existing Constitution)

~~971 (1) The Company may by ordinary resolution~~ **Ordinary Resolution** or as otherwise permitted by the provisions of the Statutes:

- ~~(a) consolidate and divide all or any of its share capital;~~
- ~~(b) sub-divide its shares; or any of them (subject; nevertheless; to the provisions of the Statutes); and so that the resolution whereby any share is sub-divided may determine that, as between the holdersthis Constitution) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares resultingshare from such sub-division; one or more of the shares may, as compared with the others; have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shareswhich the reduced share is derived; and~~
- ~~(c) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person or which have been forfeited and diminish the amount of its capital by the number of the shares so cancelled; and~~
- ~~(d) subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.~~

~~(2) The Company may by Special Resolution and subject to and in accordance with the Statutes and the listing rules of the Exchange, convert anyone class of shares into any otheranother class of shares.~~

7. Regulation 73 (Article 49 of the Existing Constitution)

~~4973. An Annual General Meeting~~ **Save as otherwise permitted under the Act, an annual general meeting shall be held once in every year in accordance with the requirements of the Act, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors, but not more than four (4) months shall be allowed to elapse between the end of each financial year and such general meeting, unless the Registrar authorises an extension of time to hold such general meeting or as otherwise permitted by the Act, the listing rules of the Exchange and/or the Statutes. All general meetings other General Meetings than annual general meetings shall be called Extraordinary General Meetingsextraordinary general meetings. The Company shall hold all its general meetings in Singapore (unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation) or such other jurisdiction as may be permitted by the Exchange.**

**APPENDIX J – PRINCIPAL REGULATIONS IN THE NEW CONSTITUTION WHICH
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EXISTING CONSTITUTION**

8. Regulation 75 (Article 51 of the Existing Constitution)

~~51~~75. Any ~~General Meeting~~general meeting at which it is proposed to pass a ~~special resolution~~Special Resolutions or (save as provided by the Statutes) a resolution of which special notice has been given to the Company pursuant to the Act, shall be called by at least twenty-one (21) clear days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting. An annual general meeting or any other general meeting shall be called by at least fourteen (14) clear days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served. The notice must specify the place, the day and of the day on which hour of the meeting is to be held and. Such notice shall be given in the manner hereinafter mentioned to all members~~Members~~ other than such ~~as those who~~ are not under the provisions of these Articles~~this Constitution~~ and the Act entitled to receive such notices from the Company; ~~Provided that a General Meeting. The period of notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. So long as the shares in the Company are listed on the Exchange, at least fourteen (14) days' notice of every general meeting shall be given by advertisement in the daily press and in writing to the Exchange and to each securities exchange upon which the shares in the Company are listed.~~

Subject to the provisions of the Act and the listing rules of the Exchange, notwithstanding that it has been called by a shorter notice than that specified above, a general meeting shall be deemed to have been duly called if it is so agreed:

- (a) ~~in the case of an Annual General Meeting~~annual general meeting by all the ~~members~~Members entitled to attend and vote thereat; and
- (b) ~~in the case of an Extraordinary General Meeting~~extraordinary general meeting by a majority in number of the ~~members~~Members having a right to attend and vote thereat, being a majority together holding not less than ~~95~~ninety-five per cent (~~95%~~95%) of the total voting rights of all the ~~members~~Members having a right to vote at that meeting.

~~Provided also that the accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled thereto to receive notice shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on any Stock Exchange, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any Stock Exchange upon which shares in the Company may be listed~~the meeting.

9. Regulation 78 (Articles 53 and 54 of the Existing Constitution)

~~53~~78. Routine business shall mean and include only business transacted at an ~~Annual General Meeting~~annual general meeting of the following classes, that is to say:

- (a) ~~declaring dividends;~~
- (a) ~~receiving and adopting the accounts, the reports of~~financial statements, the ~~Directors and Auditors' statement, the Auditor's report~~ and other documents required to be attached or annexed to the accountsfinancial statements;
- (e**b**) ~~appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;~~

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~~(d)(c) fixing of the fees of Directors proposed to be paid under regulation 103(1);~~

~~(d) declaring dividends; and~~

~~(e) appointing or re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting); and fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and~~

~~(f) (f) fixing the remuneration of the Directors proposed to be paid under Article 79.~~

54. Any notice of a ~~General Meeting~~meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

10. Regulation 84 (Article 61 of the Existing Constitution)

~~61-84.A~~(1) If required by the listing rules of the Exchange, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the Exchange).

~~(2) Subject to regulation 84(1), at any General Meeting~~general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

(a) ~~the chairman~~Chairman of the meeting; or

(b) ~~not less than two members~~at least three (3) Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative, and entitled to vote at the meeting~~thereat~~; or

(c) ~~a member~~any Member or Members present in person or by proxy and (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than one-tenth~~five per cent (5%)~~five per cent (5%) of the total voting rights of all the ~~members~~Members having the right to vote at the meeting; or

(d) ~~a member~~any Member or Members present in person or by proxy and holding (where a Member has appointed more than one (1) proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to~~not less than five per cent, (5%)~~not less than five per cent, (5%) of the total number of ~~sum~~paid-up shares of~~on all the Company (excluding treasury shares); conferring that right.~~

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~~Provided always that no poll shall be demanded on the choice of a chairman or on a question of adjournment. A demand for a poll made pursuant to regulation 84(2) may be withdrawn only with the approval of the Chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is so demanded (and the demand is not withdrawn), a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.~~

11. Regulation 86 (Article 62 of the Existing Constitution)

~~6286.~~ A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. ~~If~~ Subject to regulation 87, where a poll is required ~~taken~~, it shall be taken in such manner (including the use of ballot or voting papers) ~~or tickets~~ and at such time (not being more than thirty (30) days from the date of the meeting) and place as the ~~chairman~~ Chairman of the meeting may direct, and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was ~~demande~~taken. No notice need be given of a poll not taken at once. In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same and such determination made in good faith shall be final and conclusive. The ~~chairman~~ Chairman of the meeting may (and, if required by the listing rules of the Exchange or if so directed by the meeting shall) appoint ~~scrutineers~~ scrutineer(s) and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

12. Regulation 90 (Articles 65 and 70 of the Existing Constitution)

~~65-90.~~ A holder of a share shall be entitled to be present and to vote at any general meeting.

(1) ~~Each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.~~

(2) ~~Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 5, each member entitled to vote may vote in person or by proxy. On a show of hands~~ regulation 9, every member ~~Member~~ who is present in person or by proxy, ~~attorney or corporate representative (as applicable)~~ shall have one vote ~~(provided that in the case of a member)~~ (1) vote for every share which he holds or represents. ~~Provided always that:~~

(a) ~~where a Member is represented by one (1) or more proxies and the voting is conducted by way of a poll, the provisions of regulation 94 shall apply; and~~

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(b) where a Member who is not a relevant intermediary is represented by two (2) proxies, only one (1) of the two (2) proxies as determined by that memberMember, or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and on

(c) where a poll, every member Member who is present in person or by proxy shall have one vote for every share which he holds or represents a relevant intermediary is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands.

(3) For the purpose of determining the number of votes which a memberMember, being a Depositor, or his proxy may cast at any General Meetinggeneral meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48seventy-two (72) hours (or any such time permitted under the Statutes) before the time of the relevant General Meetinggeneral meeting as certified by the Depository to the Company.

~~70. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.~~

13. Regulation 91 (Article 67 of the Existing Constitution)

~~67. 91. A Member who is mentally disordered or whose person or estate is liable to be dealt with in any way under the law relating to mental capacity may vote, whether on a show of hands or on a poll, by his committee, *curator bonis* or such other person as properly has the management of his estate and any such committee, *curator bonis* or other person may vote by proxy or attorney, but no person claiming to vote pursuant to this regulation shall do so unless such evidence as the Directors may require of his authority shall have been deposited at the Office not less than seventy-two (72) hours before the time for holding the meeting at which he wishes to vote. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.~~

14. Regulation 94 (Article 71 of the Existing Constitution)

~~71. 94.~~

~~(A) A member~~

(1) Subject to the provisions of the Statutes:

(a) a Member who is not a relevant intermediary may appoint not more than two (2) proxies to attend, speak and vote at the same General Meeting; Provided that if the membergeneral meeting. Where such Member's form of proxy appoints more than one (1) proxy, the proxy form shall specify the proportion of the Member's shareholding to be represented by each proxy and if no such proportion is specified, the first named proxy shall be deemed to represent 100% of the shareholdings and any second-named proxy shall be deemed to be an alternate to the first-named; and

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- ~~(b)~~ a Member who is a relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member, and the proxy form shall specify the number and class of shares in relation to which each proxy has been appointed. If the form does not specify the required information, the first-named proxy shall be deemed to represent 100% of the shareholdings.
- ~~(2)~~ In any case where a Member is a Depositor, the Company shall be entitled and bound:
- (a) to reject any instrument of proxy lodged if ~~the~~by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at ~~48~~seventy-two (72) hours (or any such time permitted under the Statutes) before the time of the relevant General Meetinggeneral meeting as certified by the Depository to the Company; and
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by ~~the~~that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at ~~48~~seventy-two (72) hours (or any such time permitted under the Statutes) before the time of the relevant General Meetinggeneral meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- ~~(B3)~~ The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- ~~(C)~~ In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- ~~(D)~~ A proxy need not be a member of the Company.
- ~~(4)~~ A proxy or attorney need not be a Member.
- ~~(5)~~ Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the Member personally or by his attorney, or in the case of a corporation by its representative.
- ~~(6)~~ A Member who has deposited an instrument appointing any number of proxies to vote on his behalf at a general meeting shall not be precluded from attending and voting in person at that general meeting. Any such appointment of all the proxies concerned shall be deemed to be revoked upon the attendance of the Member appointing the proxy/proxies at the relevant general meeting.

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15. Regulation 96 (Article 73 of the Existing Constitution)

7396. (1) An instrument appointing a proxy or the power of attorney or other authority, if any:

(a) if sent personally or by post, must be left at the Office, or such place or one of such places (if any) as may be specified by the Company for that purpose in or by way of note to or in any document accompanying the notice convening the meeting; {or,

(b) if no place is so specified, at the Office) submitted by electronic communication, must be received through such means as may be specified by the Company for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,

and in either case, not less than 48seventy-two (72) hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this regulation 96 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

(2) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in regulation 96(1)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), regulation 96(1)(a) shall apply.

(3) In the event that forms of proxy are sent to Members together with any notice of meeting, the accidental omission to include the form of proxy to, or the non-receipt of such form of proxy by, any person entitled to receive a notice of meeting shall not invalidate any resolution passed or any proceeding at any such meeting.

16. Regulation 97 (Article 75 of the Existing Constitution)

7597. A Unless otherwise directed by the Chairman of the meeting, a vote cast by proxy shall not be invalidated by the previous death or insanitymental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made, Provided always that no intimation in writing of such death, insanitymental disorder or revocation shall have been received by the Company at the Office (or at least one hoursuch other place within Singapore as may be specified for the deposit of instruments appointing proxies) before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

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17. Regulation 106 (Article 102 of the Existing Constitution)

- ~~102:106.~~ (1) Other than the office of auditor, a Director may hold any other office or place of profit in the Company and he or any firm of which he is a member or any limited liability partnership of which he is a partner or officer or any company of which he is a Director or shareholder may act in a professional capacity for the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. Subject to the Act, no Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company whether as vendor, purchaser, lessor, lessee, mortgagor, mortgagee, manager, agent, broker or otherwise howsoever nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested whether directly or indirectly be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established. Provided always that he has complied with the requirements of Section 156 of the Act as to disclosure.
- (2) Every Director and any relevant officer of the Company (to whom Section 156 of the Act applies) shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests in transactions or proposed transactions with the Company or of any office or property held by him which might create duties or interests in conflict with his duties or interests as a Director or such officer (as the case may be). Notwithstanding such disclosure, a Director shall not vote in respect of regard to any contract or proposed contract transaction or arrangement or any other proposal whatsoever in which he has any directly or indirectly a personal material interest, whether directly or indirectly. A Director although he shall not be counted in the taken into account in ascertaining whether a quorum at a meeting in relation to any resolution on which he is debarred from voting is present, but such prohibition does not apply to:
- (a) any transaction for giving any Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;
- (b) any transaction for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security; or
- (c) any transaction by a Director to subscribe for or underwrite shares or debentures of the Company.
- (3) The provisions of regulation 106(2) may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction by the Company in general meeting, and any particular contract, arrangement or transaction carried out in contravention of this regulation may be ratified by Ordinary Resolution of the Company, or as otherwise provided in this Constitution.

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18. Regulation 109 (Article 90 of the Existing Constitution)

~~90~~109.— The Subject as herein otherwise provided, the office of a Director shall be vacated in any of the following events, namely:

- ~~(a) if he shall become~~is prohibited by law from acting as a Director;~~or~~
- ~~(b) if he ceases to be a Director by virtue of any of the provisions of the Act;~~
- ~~(c) if~~ (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;~~or~~;
- ~~(ed) if he shall have a bankruptcy order is made against him or shall compound~~if he suspends payments or makes any arrangement or composition with his creditors generally;~~or~~
- ~~(de) if he becomes of unsound mind~~mentally disordered and incapable of managing himself or his affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;~~or~~
- ~~(f) if he becomes disqualified from acting as a director by virtue of his disqualification or removal or the revocation of his appointment as a director, as the case may be, under any applicable laws;~~
- ~~(g) if he absents himself from the meetings of the Directors during a continuous period of twelve (12) months without special leave of absence from the Board and they pass a resolution that he has by reason of such absence vacated office;~~
- ~~(h) if he is requested in writing by a majority of the other Directors for the time being to vacate office;~~
- ~~(i) if he is removed from office by the Company in General Meeting~~general meeting pursuant to these Articles~~this Constitution; and~~
- ~~(j) if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds (in which case he must immediately resign from the Board).~~

19. Regulation 111 (Article 91 of the Existing Constitution)

~~91~~111.— At each Annual General Meeting Subject to this Constitution and to the Act, at each annual general meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third), selected in accordance with Article 92~~regulation 112~~, shall retire from office by rotation ~~(in addition to any Director retiring pursuant to Article 97), Provided That all Directors shall submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years. A retiring Director shall retain office until the close of the meeting, whether adjourned or not.~~

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20. Regulation 113 (Article 93 of the Existing Constitution)

~~93~~113. The Company at the meeting at which a Director retires under any provision of these ~~Articles~~this Constitution may by ~~ordinary resolution~~Ordinary Resolution fill the office being ~~vacated office~~ by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected ~~except in any of the following cases, unless:~~

- (a) ~~where~~ at such meeting it is expressly resolved not to fill up such vacated office or ~~are solutions~~a resolution for the re-election of such Director is put to the meeting and lost; or
- (b) ~~where~~ such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
- ~~(e)~~(c) ~~where such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or~~
- ~~(d)~~(d) ~~where such Director has attained any retiring age applicable to him as Director~~ the default is due to the moving of a resolution in contravention of Section 150 of the next following Article; or Act.

The retirement shall not ~~have~~take effect until the conclusion of the meeting (except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost) and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

21. Regulation 120 (Article 110 of the Existing Constitution)

~~110~~120. The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors. ~~The Directors who~~ may exercise all such powers of the Company as are not by the Statutes or by ~~these Articles~~this Constitution required to be exercised by the Company in ~~General Meeting~~general meeting. The Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking unless such proposals have been approved by the Company in ~~General Meeting~~a general meeting. The general powers given by this ~~Article~~regulation shall not be limited or restricted by any special authority or power given to the Directors by any other ~~Article~~regulation.

22. New Regulation 172

172. In addition and without prejudice to the powers provided for by regulations 170 and 171 above, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:

- (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by Members in general meeting and on such terms as the Directors shall think fit; or

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(b) be held by or for the benefit of non-executive Directors as part of their remuneration under regulation 103(1) and/or regulation 103(2) approved by Members in general meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

23. Regulation 176 (Article 138 of the Existing Constitution)

~~138~~176. A copy of every ~~the financial statements and, if required, the balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto) which is duly audited and which is to be laid before the Company in general meeting accompanied by a copy of the Auditor's report thereon,~~ shall not less than ~~fourteen (14) days~~ before the date of the meeting be sent to every ~~member~~Member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statutes or of ~~these Articles~~this Constitution; Provided always that:

(a) these documents may, subject to the listing rules of the Exchange, be sent less than fourteen (14) days before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree;

(b) this Article~~regulation~~ shall not require a copy of ~~these~~those documents to be sent to more than one or any joint holders or to any person of whose address the Company is not aware or to more than one of any joint holders of any shares in the Company or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise, but any member or holder of debentures ~~Member~~Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office; and

(c) such number of each document as is referred to in this regulation or such other number as may be required by the Exchange shall be forwarded to the Exchange at the same time as such documents are sent to the Members.

24. Regulations 181 and 182 (Article 141 of the Existing Constitution)

~~141(A)~~181. Any notice or document (including a share certificate) may be served on or delivered to any ~~member by the Company~~Member either personally or by sending it through the post in a prepaid cover addressed to such ~~member~~Member at his registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company or (as the case may be) supplied by him to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the time when the cover containing the same is posted, and in proving such service or delivery, it shall be sufficient to prove that such cover was properly addressed, stamped and posted. When a given number of days' notice or notice extending over any other period is required to be given, the day of service shall not, unless otherwise provided for or required by these regulations or by the Act, be counted in such number of days or period.

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182. (B1) Without prejudice to the provisions of ~~Article 141 (A)~~regulation 181 but subject otherwise to the Act and any regulations made thereunder and the listing rules of the Exchange relating to electronic communications, any notice or document (including, without limitations~~limitation~~, any accounts, balance-sheet sheets, financial statements, circulars or report~~reports~~) which is required or permitted to be given, sent or served under the Act or under ~~these Articles~~this Constitution by the Company, or by the Directors, to a ~~member~~Member or an officer or Auditor of the Company may be given, sent or served using electronic communications (including by electronic mail or short message service):

(a) to the current address of that person ;

(b) by making it available on a website prescribed by the Company from time to time; or

(c) in such manner as such Member expressly consents to by giving notice in writing to the Company,

in accordance with the provisions of, or as otherwise provided by this Constitution, the Statutes, the listing rules of the Exchange and/or any other applicable regulations or procedures. Such notice or document

(2) For the purposes of regulation 182(1), subject to the Act and any regulations made thereunder and the listing rules of the Exchange relating to electronic communications, a Member shall be implied to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document.

(3) Notwithstanding regulation 182(2) above, subject to the Act and any regulations made thereunder and the listing rules of the Exchange relating to electronic communications, the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and such Member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.

(4) Notwithstanding regulations 181(2) and 181(3) above, the Company shall send to the Members physical copies of such notices or documents as may be specified by law or the listing rules of the Exchange, and shall inform the Members as soon as practicable of how to request a physical copy of such notice or document and provide a physical copy of such notice or document upon such a request.

(5) Where a notice or document is given, sent or served by electronic communications:

(a) to the current address of a person pursuant to regulation 182(1)(a), it shall be deemed to have been duly given, sent or served upon at the time of transmission of the electronic communication by the email server or facility operated by the Company, its service provider or agent, to the current address of such person or as (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error

APPENDIX J – PRINCIPAL REGULATIONS IN THE NEW CONSTITUTION WHICH ARE SIGNIFICANTLY DIFFERENT FROM THE EQUIVALENT ARTICLES IN THE EXISTING CONSTITUTION

message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Statutes Act and/or any other applicable regulations or procedures the listing rules of the Exchange; and

(b) by making it available on a website pursuant to regulation 182(1)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Act and/or the listing rules of the Exchange.

(6) Where a notice or document is given, sent or served to a Member by making it available on a website pursuant to regulation 182(1)(b), the Company shall give separate notice to the Member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by sending such separate notice to the Member personally or through the post pursuant to regulation 181.

25. Regulation 192 (Article 148 of the Existing Constitution)

148192. Subject to the provisions of and so far as may be permitted by the Statutes, every Director, ~~Auditor, Secretary~~ or other officer for the time being of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto ~~including any liability by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court.~~ Without prejudice to the generality of the foregoing, no Director, ~~Manager, Secretary~~ or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty, breach of trust or fraudulent act.

26. New Regulation 194

194. (1) A Member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that Member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:

(a) implementation and administration of any corporate action by the Company (or its agents or service providers);

(b) internal analysis and/or market research by the Company (or its agents or service providers);

**APPENDIX J – PRINCIPAL REGULATIONS IN THE NEW CONSTITUTION WHICH
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- (c) investor relations communications by the Company (or its agents or service providers);
 - (d) administration by the Company (or its agents or service providers) of that Member's holding of shares in the Company;
 - (e) implementation and administration of any service provided by the Company (or its agents or service providers) to its Members to receive notices of meetings, annual reports and other Member communications and/or for proxy appointment, whether by electronic means or otherwise;
 - (f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any general meeting (including any adjournment thereof);
 - (g) implementation and administration of, and compliance with, any provision of this Constitution;
 - (h) compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines;
 - (i) any other purposes specified in the Company's prevailing privacy or data protection policies; and
 - (j) purposes which are reasonably related to any of the above purposes.
- (2) Any Member who appoints a proxy and/or representative for any general meeting including any adjournment thereof is deemed to have warranted that where such Member discloses the personal data of such proxy and/or representative to the Company (or its agents and service providers), that Member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in regulation 194(1) and for any purposes reasonably related to regulation 194(1), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of or in connection with such Member's breach of warranty.

APPENDIX K – SUMMARY OF THE NEW CONSTITUTION

The discussion below provides information about certain provisions of the New Constitution and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and the New Constitution. Where portions of the New Constitution are reproduced below, defined terms bear the meanings ascribed to them in the New Constitution. Please refer to Appendix I - "New Constitution" for further details.

The following summarises certain provisions of the New Constitution relating to:

- (a) the power of a Director to vote on a proposal, arrangement or contract in which he is interested:

Regulation 106(2)

Every Director and any relevant officer of the Company (to whom Section 156 of the Act applies) shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests in transactions or proposed transactions with the Company or of any office or property held by him which might create duties or interests in conflict with his duties or interests as a Director or such officer (as the case may be). Notwithstanding such disclosure, a Director shall not vote in regard to any transaction or arrangement or any other proposal whatsoever in which he has directly or indirectly a personal material interest and such Director shall not be taken into account in ascertaining whether a quorum is present at a meeting in relation to any resolution on which he is debarred from voting.

- (b) the remuneration of the Directors:

Regulation 103

(1) *The fees of the Directors shall be determined from time to time by an Ordinary Resolution of the Company and such fees shall (unless such resolution otherwise provides) not be increased except pursuant to an Ordinary Resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall (unless such resolution otherwise provides) be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.*

(2) *Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside the scope of his ordinary duties as a Director, may, subject to the Act, be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this regulation. Such extra remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by a lump sum or by way of salary, or, except in the case of a non-executive Director, by a percentage of profits, or by any or all of those modes.*

(3) *The fees (including any remuneration under regulation 103(2) above) in the case of a non-executive Director shall comprise: (i) fees which shall be a fixed sum and/or (ii) such fixed number of shares in the capital of the Company, and shall not at any time be by commission on, or percentage of, the profits or turnover. Salaries payable to Executive Directors may not include a commission on, or percentage of turnover.*

- (c) the borrowing powers exercisable by the Directors:

Regulation 122

Subject to the Statutes and the provisions of this Constitution, the Directors may at their discretion exercise all powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any of the property or business of the Company including any uncalled or called but unpaid capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

APPENDIX K – SUMMARY OF THE NEW CONSTITUTION

- (d) the retirement or non-retirement of a Director under an age limit requirement:

There are no specific provisions in the New Constitution relating to the retirement or non-retirement of a Director under an age limit requirement.

- (e) the shareholding qualification of a Director:

Regulation 102

A Director need not be a Member and shall not be required to hold any shares of the Company by way of qualification. A Director who is not a Member shall nevertheless be entitled to receive notice of, attend and speak at all general meetings of the Company.

- (f) any change in capital:

Regulation 8

Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in general meeting but subject thereto and to regulation 68, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit. Any such shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors Provided always that:

- (i) no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the Company in general meeting;*
 - (ii) (subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the listing rules of the Exchange) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of regulation 68(1) with such adaptations as are necessary shall apply; and*
 - (iii) any other issue of shares, the aggregate of which would exceed the limits referred to in regulation 68(2), shall be subject to the approval of the Company in general meeting.*
- (g) any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law:

Regulation 11

If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall with such adaptations as are necessary apply. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply,

APPENDIX K – SUMMARY OF THE NEW CONSTITUTION

Provided always that:

- (i) *the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, but where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting; and*
- (ii) *where all the issued shares of the class are held by one (1) person, the necessary quorum shall be one (1) person and such holder of shares of the class present in person or by proxy or by attorney may demand a poll.*

The foregoing shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

- (h) any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates:

Regulation 166

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six (6) years from the date they are first payable may be forfeited and if so forfeited, shall revert to the Company. However, the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividends or moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date such dividend or other moneys are first payable. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends or moneys, howsoever and whatsoever.

- (i) the winding up of the Company

Regulation 188

If the Company shall be wound up, subject to due provision being made for satisfying the claims of any holders of shares having attached thereto any special rights in regard to the repayment of capital, the surplus assets shall be applied in repayment of the capital paid up or credited as paid up on the shares at the commencement of the winding up.

Regulation 189

If the Company shall be wound up (whether the liquidation is voluntary under supervision or by the Court), the liquidator may, with the sanction of a Special Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company, whether or not the assets shall consist of property of one (1) kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one (1) or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members, but if any division is resolved otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 306 of the Act.

APPENDIX K – SUMMARY OF THE NEW CONSTITUTION

A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any shares or other consideration receivable by the liquidator amongst the Members otherwise than in accordance with their existing rights; and any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section.

Regulation 190

The liquidator may, as he thinks fit, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other securities in respect of which there is a liability.

Regulation 191

In the event of a winding up of the Company, every Member who is not for the time being in Singapore shall be bound, within fourteen (14) days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some person in Singapore upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such Member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such Member for all purposes, and where the liquidator makes any such appointment he shall with all convenient speed, give notice thereof to such Member by advertisement in any English newspaper widely circulated in Singapore or by a registered letter sent through the post and addressed to such Member at his address as appearing in the Register of Members or (as the case may be) the Depository Register, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted.

- (j) limitations on foreign or non-resident shareholders:

There are no limitations imposed by Singapore law or by the New Constitution on the rights of foreign or non-resident shareholders to hold or exercise voting rights in respect of the shares of the Company.

APPENDIX L – EXCHANGE CONTROLS AND TAXATION

1. EXCHANGE CONTROLS

Singapore

There are no laws or regulations in Singapore that may affect (a) the repatriation of capital, including the availability of cash and cash equivalents for use by the Enlarged Group, and (b) the remittance of profits that may affect dividends, interest or other payments to the Shareholders.

Malaysia

Pursuant to the powers conferred by sections 214(2), 214(5), 214(6) and section 261 of the Financial Services Act 2013 (“**FSA**”) and sections 225(2), 225(5), 225(6) and section 272 of the Islamic Financial Services Act 2013 (“**IFSA**”), Bank Negara Malaysia (“**BNM**”) issues the notices (“**BNM Notices**”) in relation to exchange control, which is administered by the Foreign Exchange Administration Department of BNM. Payments or repatriation of moneys from the Target’s subsidiary in Malaysia to the Company are considered payments from “resident” to “non-resident” for the purpose of exchange control.

The latest BNM Notices came into operation on 30 April 2020.

Under Notice 4 of the BNM Notices (payments), a resident is allowed to make or receive payment in RM in Malaysia, to or from a non-resident, as follows:

- (a) any purpose between immediate family members;
- (b) income earned or expense incurred in Malaysia;
- (c) the settlement of:
 - (i) a trade in goods and services;
 - (ii) a ringgit asset including any income and profit due from the ringgit asset;
 - (iii) a court judgement where the transaction under litigation is undertaken in compliance with the BNM Notices;
 - (iv) a commodity Murabahah transaction between a resident and non-resident undertaken through a resident commodity trading service provider;
 - (v) a reinsurance for domestic insurance business or a retakaful for domestic takaful business between a resident and a person licensed to carry out Labuan insurance business;
 - (vi) a financial guarantee denominated in RM, to secure an underlying borrowing in RM;
 - (vii) a non-financial guarantee denominated in RM for use in Malaysia.

With respect to foreign currencies, payment may be made and received between a resident and a non-resident for any purpose, other than for:

- (a) a foreign currency denominated derivative offered by a resident unless it has been approved by BNM under Part B of Notice 5 of the BNM Notices (issuance of financial instrument and islamic financial instrument by licensed financial institution and Bursa Malaysia) or otherwise approved by BNM in writing;
- (b) a foreign currency denominated derivative offered by a non-resident, except for transactions listed in the paragraph below; or

APPENDIX L – EXCHANGE CONTROLS AND TAXATION

- (c) a derivative which is derived from, referenced to or based on RM, unless it has been approved in writing by BNM under Part B of Notice 5 of the BNM Notices (issuance of financial instrument and islamic financial instrument by licensed financial institution and Bursa Malaysia) or otherwise approved by BNM in writing.

The payment or receipt mentioned above shall include payment or receipt for a foreign currency-denominated derivative or islamic derivative:

- (a) purchased by a licensed bank or a licensed investment bank under the FSA and a licensed Islamic bank under the IFSA, for its own account excluding a derivative which is derived from, referenced to or based on RM;
- (b) offered on a specified exchange (list of specified exchanges under the Trading Participants' Directive and Guidance in the website of Bursa Malaysia) under the Capital Markets and Services Act 2007 undertaken by the resident through a resident futures broker excluding exchange rate derivatives, subject to Notice 3 of the BNM Notices (investment in foreign currency asset) if the foreign currency-denominated derivative or islamic derivative is undertaken without a firm commitment;
- (c) a foreign currency-denominated interest rate swap between a resident and a Labuan bank to manage interest rate exposure arising from a borrowing in foreign currency in accordance with Part A and Part B of Notice 2 of the BNM Notices (borrowing by resident); or
- (d) purchased by a resident individual for his own account excluding exchange rate derivatives, subject to Notice 3 of the BNM Notices (investment in foreign currency asset) if the foreign currency-denominated derivative or islamic derivative is undertaken without a firm commitment.

If payment or receipt of payment, in RM or foreign currency, between a resident and a non-resident is for purposes otherwise than stated above, the parties may be required to obtain the written approval of BNM to proceed with such transaction.

Thailand

Thailand's exchange controls are established by the Exchange Control Act B.E. 2485 (A.D. 1942) ("**ECA**") and foreign exchange transactions are regulated by the Bank of Thailand. Under the ECA, payment of current transactions, such as payment for imported goods, payment for services outside of Thailand, interest payment on overseas loans, repatriation of profits or dividends on foreign investment, provided that there are evidence of supporting documents, may be made in unlimited amounts and do not require specific permission from the Bank of Thailand before repatriation.

In relation to payment for imported goods, importers may purchase or withdraw foreign currencies from their own foreign currency accounts for import payments upon submission of supporting documents. Letters of credits may also be opened without authorisation.

Outward remittances of amounts properly due to non-residents are permitted for items of a non-capital nature such as service fees, interest, dividends, profits, or royalties, provided that supporting documents are clearly submitted to the banks or authorised financial institutions.

Under the ECA, transfers in foreign currency for direct and portfolio investments in Thailand are freely permitted. Proceeds must be surrendered to a bank or an authorised financial institution or deposited in a foreign currency account with a bank or an authorised financial institution in Thailand within 360 days.

APPENDIX L – EXCHANGE CONTROLS AND TAXATION

Repatriation of capital investments may be made freely without requiring permission for repatriation of the principal amounts under loan agreements, repayment of capital investment following the liquidation of a business, and sale of equities, including outward remittances by Thai residents of foreign currencies for the purposes of, (a) in the case of a juristic entity, (i) making overseas investments of at least 10% in such shareholdings or loan extended to their overseas affiliated business establishments, in which it holds at least 10%, in an unlimited appropriate amount; (ii) lending to overseas establishments, in which it holds at least 10%, in an aggregate amount not exceeding US\$50,000,000 or its equivalent per year; or (b) in the case of an individual, making overseas investments of at least 10% in such shareholdings in an unlimited appropriate amount; or (c) buying overseas property not in excess of US\$50,000,000 or its equivalent per year.

Individual investors and general corporate investors having assets less than THB5 billion, or not being an insurance or securities company or financial institution, or not being a company listed on the Stock Exchange of Thailand, can invest in securities abroad through private funds and securities companies. However, all outward remittances by Thai residents of foreign currencies to pay for securities in overseas markets must receive prior permission from the Office of Securities and Exchange Commission of Thailand until 31 December 2020. However, from 1 January 2021, the prior permission of the Office of Securities and Exchange Commission of Thailand is not required under the Notification of the Competent Officer concerning Rules and Practices Regarding Investment in Overseas Securities and Derivatives B.E. 2563 (A.D. 2020) of the Bank of Thailand.

2. TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. The discussion is based on laws, regulations and interpretations now in effect and available as of the date of this Circular. These laws and regulations are subject to changes, which may be retrospective to the date of issuance of Consolidated Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

The discussion is limited to a general description of certain Singapore income tax, stamp duty, estate duty and GST consequences with respect to the subscription for, ownership and disposal of Consolidated Shares, and does not purport to be a comprehensive nor exhaustive description of all tax considerations that may be relevant to a decision to subscribe for, hold or dispose of Consolidated Shares.

Prospective investors should consult their own tax advisers concerning the tax consequences of subscribing for and/or purchasing, owning and disposing of Shares. Neither the Company nor the Proposed Board of Directors accepts responsibility for any tax effects or liabilities resulting from the subscription for, holding or disposal of Shares.

Income Tax

Corporate income tax

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore.

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- (a) income accrued in or derived from Singapore; and
- (b) foreign sourced income received or deemed received in Singapore, unless otherwise exempted.

APPENDIX L – EXCHANGE CONTROLS AND TAXATION

Tax exemption will be granted to a Singapore tax resident corporate taxpayer on its foreign sourced dividends, foreign branch profits and foreign-sourced service income (“**specified foreign income**”) received in Singapore on or after 1 June 2003 provided that the following qualifying conditions are met:

- (a) The foreign income had been subject to tax in the foreign jurisdiction from which they were received (known as the “subject to tax” condition). The rate at which the foreign income was taxed can be different from the headline tax rate;
- (b) The highest corporate tax rate (foreign headline tax rate condition) of the foreign jurisdiction from which the income is received is at least 15% at the time the foreign income is received in Singapore; and
- (c) The Comptroller of Income Tax (the “**Comptroller**”) is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accrued in or derived from Singapore.

From Year of Assessment 2020 onwards, the first S\$200,000 of chargeable income is exempt from tax as follows:

- (a) 75% exemption on the first S\$10,000 of chargeable income; and
- (b) 50% exemption on the next S\$190,000 of chargeable income.

The remaining chargeable income (after deducting the applicable tax exemption of the first S\$200,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently 17%.

For Year of Assessment 2020, all companies will receive a 25% corporate income tax rebate, capped at S\$15,000.

Individual income tax

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received by a Singapore tax resident individual is generally exempt from income tax in Singapore except for such income received through a partnership in Singapore if the Comptroller is satisfied that the tax exemption would be beneficial to the individual. Certain Singapore-sourced investment income received by individuals is also exempt from tax.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0% to 22.0%.

Income derived by a non-Singapore tax resident individual is, subject to certain exceptions and conditions, normally taxed at the rate of 22.0%. Singapore employment income derived by a non-Singapore tax resident individual is taxed at a flat rate of 15.0% or at resident rates, whichever yields a higher tax.

APPENDIX L – EXCHANGE CONTROLS AND TAXATION

Dividend Distributions

Singapore adopts the One-Tier Corporate Tax System. Under such system, the tax paid by a Singapore resident company is a final tax and the after-tax profits of the company can be distributed to its shareholders as one-tier tax exempt dividends, regardless of their tax residence status or whether the shareholders are individual or corporate.

Further, there is no Singapore withholding tax applicable on dividends paid to both Singapore resident shareholders as well as non-Singapore resident shareholders.

Gains on disposal of Shares

Singapore currently does not impose tax on capital gains. However, gains may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which are regarded as the carrying on of a trade or business in Singapore.

Any gains or profits derived from the disposal of Shares, if regarded as capital gains, are not taxable in Singapore. However, if the seller is regarded as having derived such gains as trading gains in Singapore, such gains or profits will ordinarily be taxed as income.

Subject to some exceptions, gains derived from the disposal of ordinary shares in an investee company during the period from 1 June 2012 to 31 May 2022 (both dates inclusive) are not taxable if, immediately prior to the date of the share disposal, the divesting company had held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months.

In addition, Shareholders who adopt the tax treatment to be aligned with the Singapore Financial Reporting Standard 109 Financial Instruments (“**FRS 109**”) may be taxed on gains (not being gains in the nature of capital) even though no sale or disposal of Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding and disposal of Shares.

Stamp duty

There is no stamp duty payable on the subscription or issuance of Shares.

Where Shares evidenced in certificate form are acquired in Singapore, stamp duty is payable on the instrument of transfer of Shares at the rate of 0.2% of the consideration paid or market value of the Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable upon transfer of Shares if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or the instrument of transfer is executed outside Singapore and not brought into Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of Shares through the scripless trading system operated by The Central Depository Pte Limited (“**CDP**”).

Estate Duty

Singapore estate duty had been abolished with effect from 15 February 2008.

APPENDIX L – EXCHANGE CONTROLS AND TAXATION

GST

GST is a tax on domestic consumption of goods and services and on the importation of goods into Singapore. The standard rate of GST is currently 7.0%.

The sale of Shares by an investor belonging in Singapore for GST purposes to another person belonging in Singapore for GST purposes is an exempt supply not subject to GST. Any input GST (for example, GST on brokerage) incurred by the GST-registered investor in making such an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where Shares are sold by a GST-registered investor in the course of a business to a person belonging outside Singapore, and that person is outside Singapore when the sale is executed, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at zero-rate. Any input GST incurred by a GST-registered investor in the making of this supply in the course of or furtherance of a business carried on by him is recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of Shares will be subject to GST at the standard rate of 7.0%. Similar services rendered to an investor belonging outside Singapore for GST purposes is generally subject to GST at zero-rate, provided that the investor is outside Singapore when the services are performed and the services provided do not benefit any Singapore persons.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ARTIVISION TECHNOLOGIES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200407031R)

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular to shareholders dated 31 December 2020 issued by Artivision Technologies Ltd. (“Circular”).

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Artivision Technologies Ltd. (the “**Company**”) will be held by way of electronic means on 22 January 2021 at 10.30 a.m. for the purpose of considering and, if thought fit, passing (with or without any modifications) the following resolutions:

Shareholders should note that:

- (i) the approval of each of Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 is contingent upon the passing of each of the other Ordinary Resolutions; and
- (ii) the approval of each of Special Resolutions 1 and 2 is contingent upon the passing of each of the Ordinary Resolutions and the other Special Resolution.

This means that:

- (a) if any of the Ordinary Resolutions is not approved, all the Ordinary Resolutions would not be duly passed; and
- (b) If any of the Ordinary Resolutions or either of the Special Resolutions is not approved, all the Special Resolutions would not be duly passed.

ORDINARY RESOLUTION 1: THE PROPOSED ACQUISITION

THAT subject to and contingent upon the passing of the other Ordinary Resolutions:

- (1) approval be and is hereby given for the Company to undertake the Proposed Acquisition in accordance with the terms of the Amended and Restated Sale and Purchase Agreement (as amended, modified and supplemented from time to time) as described in the Circular; and
- (2) the Directors be and are hereby authorised to (a) carry out and implement the Proposed Acquisition in accordance with the Amended and Restated Sale and Purchase Agreement (as amended, modified and supplemented from time to time) and (b) complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 1 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 2: THE PROPOSED SHARE CONSOLIDATION

THAT subject to and contingent upon the passing of the other Ordinary Resolutions:

- (1) in connection with the Proposed Share Consolidation, all Shares in the Company in issue as at the Consolidation Books Closure Date be and are consolidated by consolidating every fifty (50) Shares held by each Shareholder as at the Consolidation Books Closure Date into one (1) Consolidated Share with effect from the Effective Trading Date (or such other date to be fixed by the Directors) and in the manner set out in the Circular;
- (2) any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation pursuant to paragraph (1) above shall be disregarded; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (3) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 2 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 3: THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES

THAT subject to and contingent upon the passing of the other Ordinary Resolutions:

- (1) the proposed allotment and issuance to the Vendors of an aggregate of 157,725,296 Consideration Shares, credited as fully paid-up, at the Issue Price of S\$0.525 per Consideration Share on terms and subject to the conditions set out in the Amended and Restated Sale and Purchase Agreement (as amended, modified or supplemented from time to time), be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 3 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 4: THE PROPOSED ALLOTMENT AND ISSUANCE OF SETTLEMENT SHARES

THAT subject to and contingent upon the passing of the other Ordinary Resolutions:

- (1) the proposed allotment and issuance of 64,516,129 Settlement Shares to Mr. Ching at the Settlement Shares Issue Price of S\$0.155 per Settlement Share, on the terms and subject to the conditions of the Settlement Agreement be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 4 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 5: THE PROPOSED ALLOTMENT AND ISSUANCE OF MR. CHING PLACEMENT UNDERTAKING SHARES

THAT subject to and contingent upon the passing of the other Ordinary Resolutions:

- (1) the proposed allotment and issuance of 62,305,295 Mr. Ching Placement Undertaking Shares to Mr. Ching at the Placement Undertaking Price of S\$0.00963 per Mr. Ching Placement Undertaking Share on the terms and subject to the conditions of the placement agreement dated 23 December 2020 between the Company and Mr. Ching, be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 5 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 6: THE PROPOSED ALLOTMENT AND ISSUANCE OF ZICO SHARES

THAT subject to and contingent upon the passing of the other Ordinary Resolutions:

- (1) the proposed allotment and issuance of 2,360,000 ZICO Shares at the Issue Price of S\$0.525 per ZICO Share to the Sponsor and Financial Adviser in respect of the Sponsor Equity Fee be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 6 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 7: THE PROPOSED ALLOTMENT AND ISSUANCE OF TARGET EMPLOYEES INCENTIVE SHARES

THAT subject to and contingent upon the passing of the other Ordinary Resolutions:

- (1) the proposed allotment and issuance of 445,520 Target Employees Incentive Shares at the Issue Price of S\$0.525 per Target Employees Incentive Share to Mr. Anthony Koh, Mr. Kim, Ms. Madeline Sam and the other Incentivised Target Employees as an incentive payment be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 7 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 8: THE PROPOSED PLACEMENT

THAT subject to and contingent upon the passing of the other Ordinary Resolutions and completion of the Proposed Acquisition:

- (1) the Directors be and are hereby authorised to allot and issue up to 16,000,000 Placement Shares at an issue price to be determined by the Proposed Board of Directors based on, amongst others, the market conditions as well as the demand during the book-building process, provided that such issue price shall not be less than S\$0.20, in such manner and on such terms and conditions as the Directors may in their absolute discretion deem fit; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 8 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 9: THE PROPOSED TERMINATION OF THE ARTIVISION TECHNOLOGIES EMPLOYEE SHARE AWARD SCHEME 2015

THAT subject to and contingent upon the passing of the other Ordinary Resolutions and completion of the Proposed Acquisition:

- (1) the existing share award scheme of the Company adopted at an extraordinary general meeting of the Company on 29 July 2015 ("**Artivision Technologies Employee Share Award Scheme 2015**") be and is hereby terminated; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 9 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 10: THE PROPOSED ADOPTION OF THE MCP PERFORMANCE SHARE PLAN

THAT subject to and contingent upon the passing of the other Ordinary Resolutions and completion of the Proposed Acquisition:

- (1) a new performance share plan to be known as the “MCP Performance Share Plan” (“**MCP Performance Share Plan**”), the details of and rules of which are set out in the Circular and under which Awards of fully-paid shares in the capital of the Company may be granted to selected Participants, be and is hereby approved and adopted with effect from Completion;
- (2) the Directors of the Company or the remuneration committee be and are hereby authorised to:
- (i) establish and administer the MCP Performance Share Plan;
 - (ii) modify, amend or supplement the MCP Performance Share Plan from time to time, provided that such modification, amendment or supplement is effected in accordance with the provisions of the MCP Performance Share Plan and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the MCP Performance Share Plan; and
 - (iii) offer and grant Awards in accordance with the rules of the MCP Performance Share Plan and to allot and issue such number of fully-paid new Shares and/or transfer such number of existing Shares held in treasury, free of charge, as may be required to be delivered from time to time pursuant to the vesting of Awards under the MCP Performance Share Plan, provided that the total number of Shares over which new Awards may be granted on any date, when added to (a) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Awards already granted under the MCP Performance Share Plan; and (b) the total number of Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share option or share schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day preceding that date; and
- (3) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 10 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 11: THE PROPOSED ADOPTION OF THE MCP EMPLOYEE SHARE OPTION SCHEME

THAT subject to and contingent upon the passing of the other Ordinary Resolutions and completion of the Proposed Acquisition:

- (1) a new employee share option scheme to be known as the “MCP Employee Share Option Scheme” (“**MCP Employee Share Option Scheme**”), the details of and rules of which are set out in the Circular and under which Options for shares in the capital of the Company may be granted to selected Participants, be and is hereby approved and adopted with effect from Completion;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (2) the Directors of the Company or the remuneration committee be and are hereby authorised to:
- (a) establish and administer the MCP Employee Share Option Scheme;
 - (b) modify, amend or supplement the MCP Employee Share Option Scheme from time to time, provided that such modification, amendment or supplement is effected in accordance with the provisions of the MCP Employee Share Option Scheme and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the MCP Employee Share Option Scheme; and
 - (c) offer and grant Options in accordance with the rules of the MCP Employee Share Option Scheme and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of Options under the MCP Employee Share Option Scheme, provided that the total number of Shares over which new Options may granted on any date, when added to (a) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Options already granted under the MCP Employee Share Option Scheme; and (b) the total number of Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share option or share schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day preceding that date; and
- (3) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 11 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 12: THE PROPOSED APPOINTMENT OF MR. KOH BENG KIOK ANTHONY AS DIRECTOR

THAT subject to and contingent upon the passing of the other Ordinary Resolutions and completion of the Proposed Acquisition, Mr. Koh Beng Kiok Anthony be and is hereby appointed as a director of the Company with effect from Completion.

ORDINARY RESOLUTION 13: THE PROPOSED APPOINTMENT OF MR. KIM MOON SOO AS DIRECTOR

THAT subject to and contingent upon the passing of the other Ordinary Resolutions and completion of the Proposed Acquisition, Mr. Kim Moon Soo be and is hereby appointed as a director of the Company with effect from Completion.

ORDINARY RESOLUTION 14: THE PROPOSED APPOINTMENT OF MR. SHAWN CHING WEI HUNG AS DIRECTOR

THAT subject to and contingent upon the passing of the other Ordinary Resolutions and completion of the Proposed Acquisition, Mr. Shawn Ching Wei Hung be and is hereby appointed as a director of the Company with effect from Completion.

ORDINARY RESOLUTION 15: THE PROPOSED APPOINTMENT OF MR. ALBERT CHEOK SAYCHUAN AS INDEPENDENT DIRECTOR

THAT subject to and contingent upon the passing of the other Ordinary Resolutions and completion of the Proposed Acquisition, Mr. Albert Cheok Saychuan be and is hereby appointed as an independent director of the Company with effect from Completion.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 16: THE PROPOSED APPOINTMENT OF DR. LILLIAN KOH NOI KENG AS INDEPENDENT DIRECTOR

THAT subject to and contingent upon the passing of the other Ordinary Resolutions and completion of the Proposed Acquisition, Dr. Lillian Koh Noi Keng be and is hereby appointed as an independent director of the Company with effect from Completion.

SPECIAL RESOLUTION 1: THE PROPOSED CHANGE OF NAME

THAT subject to and contingent upon the passing of the Ordinary Resolutions and Special Resolution 2 and subject to the approval of the Accounting and Corporate Regulatory Authority:

- (1) the Proposed Change of Name of the Company from “Artivision Technologies Ltd.” to “MC Payment Limited” with effect from such date as the Directors may determine, be and is hereby approved and that the name “MC Payment Limited” be substituted for “Artivision Technologies Ltd.” wherever the latter name appears in the Company’s constitution with effect from such date; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Special Resolution 1 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

SPECIAL RESOLUTION 2: THE PROPOSED ADOPTION OF THE NEW CONSTITUTION

THAT subject to and contingent upon the passing of the Ordinary Resolutions and Special Resolution 1:

- (1) the regulations contained in the New Constitution as set out in Appendix I to the Circular, be approved and adopted as the constitution of the Company in substitution for, and to the exclusion of, the Existing Constitution; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Special Resolution 2 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

By Order of the Board

Ng Weng Sui Harry
Non-Executive Chairman and Independent Director
Artivision Technologies Ltd.

31 December 2020

Important Notice from the Company on COVID-19

As the COVID-19 situation continues to evolve, the Company is closely monitoring the situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of community spread of COVID-19. **Shareholders should note that the Company may be required (including at short notice) to make further changes to its EGM arrangements as the situation evolves, and Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNet.**

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The EGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

Printed copies of the Circular, this Notice of EGM and the Proxy Form will not be sent to members. Instead, the Circular, this Notice of EGM and the Proxy Form will be sent to members by electronic means via publication on SGXNet.

2. **Registration to attend the EGM remotely**

The proceedings of the EGM will be broadcasted "live" through an audio-and-video webcast and an audio-only feed.

Members and investors holding shares in the Company ("**Shares**") through the Supplementary Retirement Scheme ("**SRS**") ("**SRS investors**") who wish to follow the proceedings through a "live" webcast via their mobile phones, tablets or computers or listen to the proceedings through a "live" audio feed via telephone must pre-register at <https://agm.conveneagm.com/Artivisionegm2021/> no later than **10.30 a.m. on 20 January 2021** ("**Registration Cut-Off Date**") (being 48 hours before the time fixed for the EGM).

Upon successful registration, authenticated members will receive an email confirmation by **21 January 2021** with a unique link to access the "live" webcast and telephone number for the "live" audio feed of the EGM proceedings on the date of the EGM.

Members and SRS investors who do not receive any email by **10.30 a.m. on 21 January 2021** but who have registered by the Registration Cut-Off Date, should contact the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), at the following email address: sg.is.proxy@sg.tricorglobal.com.

Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50) of Singapore) ("**Investors**") (other than SRS investors) will not be able to pre-register for the "live" broadcast of the EGM. An Investor (other than SRS investors) who wishes to participate in the "live" broadcast of the EGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), via email to sg.is.proxy@sg.tricorglobal.com no later than **10.30 a.m. on 20 January 2021**.

PHYSICAL ATTENDANCE OF THE EGM WILL NOT BE PERMITTED.

3. **Prior submission of questions**

Members and Investors will not be able to ask questions "live" during the broadcast of the EGM. All members and Investors may submit questions relating to the business of the EGM no later than **10.30 a.m. on 15 January 2021**:

- (a) via the pre-registration website at <https://agm.conveneagm.com/Artivisionegm2021/>; or
- (b) by email to the Company at sg.is.proxy@sg.tricorglobal.com; or
- (c) by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road #11-02 Singapore 068898.

The Company will endeavour to address substantial and relevant questions relating to the Ordinary Resolutions and/or the Special Resolutions tabled for approval at the EGM as received from Shareholders either (i) before the EGM on SGXNet, or (ii) during the EGM.

The Company will, within one (1) month after the date of the EGM, publish the minutes of the EGM on SGXNet, and the minutes will include the responses to the substantial and relevant questions referred to above if addressed during the EGM.

Please note that members and Investors will not be able to ask questions at the EGM "live" during the webcast and the audio feed, and therefore it is important to pre-register their participation in order to be able to submit their questions in advance of the EGM.

4. **Voting by Proxy**

Shareholders will not be able to vote online on the resolutions to be tabled for approval at the EGM. Shareholders (whether individual or corporate) who wish to exercise their votes must submit a proxy form to appoint the Chairman of the EGM to vote on his/her/its behalf:

- (a) if in hard copy and submitted personally or by post, the proxy form must be lodged at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road #11-02 Singapore 068898; or
- (b) if submitted electronically by email, the proxy form must be received at sg.is.proxy@sg.tricorglobal.com,

in either case, by **10.30 a.m. on 20 January 2021** (being 48 hours before the time fixed for the EGM).

NOTICE OF EXTRAORDINARY GENERAL MEETING

A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Shareholders (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

The Chairman of the EGM, as proxy, need not be a member of the Company.

The instrument appointing the Chairman of the EGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act (Chapter 50) of Singapore or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing the Chairman of the EGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy.

In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register (as defined in Part IIIA of the Securities and Futures Act, Chapter 289 of Singapore), as at 72 hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.

The proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. SRS investor who wishes to vote should approach his/her SRS Operator at least 7 working days before the date of the EGM to submit his/her voting instructions. This is so as to allow sufficient time for the respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf by 10.30 a.m. on 20 January 2021.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, or (b) submitting details for the registration to watch the "live" webcast or listen to the "live" audio feed of the proceedings of the EGM, or (c) submitting any question prior to the EGM in accordance with this Notice of EGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members of the Company (or their corporate representatives in the case of members of the Company which are legal entities) to watch the "live" webcast or listen to the "live" audio feed of the proceedings of the EGM and providing them with any technical assistance where necessary;
- (iii) addressing substantial and relevant questions from members of the Company received before the EGM and if necessary, following up with the relevant members of the Company in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

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 (such as his/her/its name, his/her/its presence at the EGM and any questions he/she/it may raise or motions he/she/it propose/second) may be recorded by the Company for such purpose

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

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

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

PROXY FORM

ARTIVISION TECHNOLOGIES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200407031R)

PROXY FORM EXTRAORDINARY GENERAL MEETING (Please see notes overleaf before completing this Form)

IMPORTANT:

1. The EGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of EGM and this Proxy Form will not be sent to members. Instead, the Notice of EGM and this Proxy Form will be sent to members by electronic means via publication on the SGXNet.
2. Alternative arrangements relating to attendance at the EGM by way of electronic means (including arrangements by which the EGM can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in the Notice of EGM.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the EGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the EGM. A member (whether individual or corporate) who wishes to exercise his/her/its vote must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. In appointing the Chairman of the Meeting as proxy, a member must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.
4. This proxy form is not valid for use by investors holding shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) ("Investors") (including investors holding through the Supplementary Retirement Scheme ("SRS") ("SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A SRS investor who wishes to vote should approach his/her SRS Operator at least 7 working days before the date of the EGM to submit his/her vote.
5. **Personal Data Privacy:** By submitting this proxy form, a member of the Company accepts and agrees to the personal data terms set out in the Notice of EGM dated 31 December 2020.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the EGM.**

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

of _____ (Address)

being a Member/Members of **Artivision Technologies Ltd.** ("**Company**"), hereby appoint the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting ("**Meeting**") of the Company to be held by way of electronic means on 22 January 2021 at 10.30 a.m. and at any adjournment thereof. *I/We direct the Chairman of the Meeting as *my/our proxy to vote for, against and/or abstain from voting on the resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the appointment of the Chairman of the Meeting as *my/our proxy for the resolution will be treated as invalid. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular to shareholders dated 31 December 2020 issued by Artivision Technologies Ltd..

The Ordinary Resolutions and Special Resolutions put to the vote at the EGM shall be decided by way of poll.

No.	Resolutions	¹ No. of Votes For	¹ No. of Votes Against	¹ No. of Votes Abstaining
1.	Ordinary Resolution 1 The Proposed Acquisition			
2.	Ordinary Resolution 2 The Proposed Share Consolidation			
3.	Ordinary Resolution 3 The Proposed Allotment and Issuance of Consideration Shares			
4.	Ordinary Resolution 4 The Proposed Allotment and Issuance of Settlement Shares			



PROXY FORM

No.	Resolutions	¹ No. of Votes For	¹ No. of Votes Against	¹ No. of Votes Abstaining
5.	Ordinary Resolution 5 The Proposed Allotment and Issuance of Mr. Ching Placement Undertaking Shares			
6.	Ordinary Resolution 6 The Proposed Allotment and Issuance of ZICO Shares			
7.	Ordinary Resolution 7 The Proposed Allotment and Issuance of Target Employees Incentive Shares			
8.	Ordinary Resolution 8 The Proposed Placement			
9.	Ordinary Resolution 9 The Proposed Termination of the Artivision Technologies Employee Share Award Scheme 2015			
10.	Ordinary Resolution 10 The Proposed Adoption of the MCP Performance Share Plan			
11.	Ordinary Resolution 11 The Proposed Adoption of the MCP Employee Share Option Scheme			
12.	Ordinary Resolution 12 The proposed appointment of Mr. Koh Beng Kiok Anthony as Director			
13.	Ordinary Resolution 13 The proposed appointment of Mr. Kim Moon Soo as Director			
14.	Ordinary Resolution 14 The proposed appointment of Mr. Shawn Ching Wei Hung as Director			
15.	Ordinary Resolution 15 The proposed appointment of Mr. Albert Cheok Saychuan as Independent Director			
16.	Ordinary Resolution 16 The proposed appointment of Dr. Lillian Koh Noi Keng as Independent Director			
17.	Special Resolution 1 The Proposed Change of Name			
18.	Special Resolution 2 The Proposed Adoption of the New Constitution			

¹ If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and "Against" the resolution and/or if you wish to abstain from voting in respect of the resolution, please indicate the number of votes "For", the number "Against" and/or the number "Abstaining" in the boxes provided for the resolution.

Signed this _____ day of _____ 2021

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

Signature(s) of Member(s) / Corporation's Common Seal

**delete as appropriate*

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

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) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you (in both the Register of Members and the Depository Register).
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the EGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the EGM. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. This proxy form may be accessed at the SGXNet. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of each resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. This proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A SRS investor who wishes to vote should approach his/her SRS Operator at least 7 working days before the date of the EGM to submit his/her vote.
4. The proxy form must be submitted to the Company in the following manner:
 - (a) if in hard copy and submitted personally or by post, be lodged at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), at 80 Robinson Road #11-02 Singapore 068898; or
 - (b) if submitted electronically, by email, be received at sg.is.proxy@sg.tricorglobal.com,in either case, by **10.30 a.m. on 20 January 2021** (being 48 hours before the time fixed for the EGM).

A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
5. The Chairman of the Meeting, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the Meeting must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing the Chairman of the Meeting is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. 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.
9. The Circular, the Notice of EGM and this Proxy Form have been made available on SGXNet.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting, the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 31 December 2020.