



V2Y CORPORATION LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 201717972D)

**RESPONSE TO QUERIES FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) IN
RELATION TO THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31
DECEMBER 2023**

The board of directors (the "**Board**") of V2Y Corporation Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") would like to provide its responses to the queries received from the Securities Investors Association (Singapore) ("**SIAS**") in relation to the Company's Annual Report for the financial year ended 31 December 2023 ("**FY2023**") prior to the upcoming annual general meeting for FY2023 to be held at 137 Cecil Street, Cecil Building, #04-01, Singapore 069537 on 28 June 2024 at 2.00 p.m. (the "**AGM**").

The Company did not receive any questions from shareholders as at the deadline stated in the Notice of AGM dated 12 June 2024.

Question 1

In the group's core Insurtech business segment, revenue decreased by 29.3% to just \$215,000 in FY2023, mainly due to declines in new projects and sales from customers while the cost of sales decreased by 39% to \$119,000.

Although the group has implemented cost-saving measures, administrative expenses remained relatively high at \$1.1 million. Loss for the year was \$(0.9) million (FY2022: \$(2.3) million).

As a listed company, the group has a workforce of five employees.

- (i) **Can management elaborate on the size of the addressable market of its Insurtech services? Is the current business model viable?**

Company's response:

The Group's Insurtech business segment is mainly focused on general insurance market and device protection in Singapore and its market would be across smart watches, mobile phones, tablets and laptops. Based on the data released by the General Insurance Association of Singapore, the general insurance sector gross written premiums amounted to S\$5.2 billion in

2023, representing a 7.3% growth with profit fell by 11.2%¹. Global smartphone market still is on downtrend with a decline of 4%². The Group currently provides service coverage plans mainly for Apple and Samsung mobile phones. However, increasing its service coverage plan has been slow due to competition. The Group is currently also considering other business opportunities to expand and improve our business performance and to enable the business to growth sustainably.

(ii) What is the group's competitive advantage?

Company's response:

The Group's competitive advantage lies in its experienced and committed board of directors and management team, as well as its existing long-term business relationships with its business partners.

(iii) What are some of the projects undertaken by the group?

Company's response:

Projects undertaken by the Group include those with local phone distributor(s) and reseller(s) to provide service support for extended warranty and accidental damage protection programs for devices marketed and sold by these phone distributor(s) and reseller(s).

(iv) Does the group have sufficient working capital to support its growth initiatives?

Company's response:

The management of the Group had carried out a detailed review of the cash flow forecast of the Group for the next 18 months after the end of the financial year ended 31 December 2023 and has estimated that the proceeds from ongoing contracts and existing liquidity are adequate to finance the working capital requirements of the Group. The management of the Group is also actively pursuing new business opportunities and corporate actions as well as fund raising options. In light of the above, the management is of the view that the Group has sufficient working capital and is actively seeking to pursue new business opportunities.

(v) What progress has been made in the group's overseas expansion, and does this expansion carry a high level of risk given that the group has been loss- making even in its home market of Singapore?

Company's response:

The Group remains in the process of tendering for a project overseas and will provide further updates on any material development as and when available, in accordance with the Catalyst Rules.

¹ Business Times - General-insurance-sector-grows-10.1-2023-domestic-motor-claims-spike (<https://www.businesstimes.com.sg/singapore/general-insurance-sector-grows-10.1-2023-domestic-motor-claims-spike>)

² Canalys Newsroom – Global smartphone market declined just 4% in 2023 amid signs of stabilization (<https://www.canalys.com/newsroom/worldwide-smartphone-market-2023>)

It is observed that the total revenue for the year is insufficient or barely covers the remuneration of the chief executive officer and executive director, who received a remuneration of between \$200,001 and \$300,000 (page 65). The total compensation for directors and key management personnel was \$558,000, with directors' remuneration amounting to \$174,000 (or more than 80% of the group's total annual revenue).

(vi) Has the board evaluated the group's cost structure?

Company's response:

The Group is cognizant of the support of its board of Directors and management even as more time and effort has been required to assess the various investment and business opportunities for the Group, and time spent by the board of Directors and management has increased. As such, whilst management continues to source for business opportunities and remains of the view that the cashflow is sufficient (see the Company's response to Q1(iv)), the Board has considered and evaluated that no further changes to the cost structure is to be made at this point in time.

(vii) Has the board reviewed the incentive structure to ensure that staff are motivated and appropriately incentivised to help the group grow profitably?

Company's response:

The Company refers to its response in Q1(vi) above. In addition, the Remuneration Committee, together with the Board, reviews the structure of remuneration (including any incentives) of its key management personnel periodically to ensure they are appropriately incentivized. It is also noted that the Company has in place an employee share option scheme and performance share plan.

(viii) Can management elaborate further on the top 3-5 operational priorities to achieve revenue growth and profitability for the group?

Company's response:

Please refer to the Company's response to Q1(i). Whilst the Company continues to increase its coverage to achieve revenue growth, it is also seeking business opportunities to diversify revenue and profitability streams for the Group.

(ix) Would the directors, including the CEO, consider receiving their fees and remuneration in the form of equity shares to align their interests more closely with those of the shareholders? Doing so would also improve the cash flow of the group?

Company's response:

The directors remain committed to improve the cash flow of the Group and will consider measures to receiving fees and remuneration in cash or equity when necessary.

Question 2

In the CEO's message (page 8), it was disclosed that the group will step up efforts to explore "new business segments". Further in Note 3 (Going concern; page 100), it was stated that management is actively pursuing new business opportunities and corporate actions.

Nevertheless, it is observed the accumulated losses for the group amount to \$(3.9) million as at 31 December 2023.

- (i) **Has the board approved the search for new business ventures? If so, what is the criteria used by management in its search for new businesses?**

Company's response:

The Board is cognizant that the Group is actively seeking new business and expansion opportunities in the current business segment, as well as other business segments and as and when management is in discussion on such potential business opportunities, the same is raised to the Board for deliberation. The Group mainly evaluates the attractiveness of the new business venture through SWOT analysis, its current business performance, its valuation as well as its business culture. Potential business ventures undergo due diligence process conducted both internally and by external professionals.

- (ii) **How does the company plan to fund any acquisitions given its current financial position?**

Company's response:

As and when the Company intends to undertake any acquisitions, it will explore various ways to raise funds for such acquisition, including considering undertaking bank facilities and/or fund raising through the capital market.

- (iii) **How is the search for new business ventures being conducted? Has the board provided guidance to ensure that the search is carried out professionally, such as by engaging qualified and experienced investment banks rather than relying on personal networks)?**

Company's response:

The Group currently undertakes its search for new business ventures through various avenues, including tapping on professional networks and the network of its management team, as well as external professionals such as financial and legal advisors. The Group is cognizant of the value brought by management and professionals engaged, and the various networks that they are connected to. The Board is further assured on the veracity of such potential business opportunities by the due diligence process and analysis undertaken.

- (iv) **Does management possess the requisite expertise and a proven track record in mergers and acquisitions?**

Company's response:

The Company is cognizant that as it continues to seek to sustain its existing business and source for potential new business opportunities, the ability to do so is amongst others, dependent on market and economic conditions. The management team is led by Mr Ong Shen Chieh (Wang Shengjie), who, amongst others, has more than 18 years of experience in corporate finance, private equity and mergers and acquisitions.

Question 3

As at the end of the financial year, the group had cash and cash equivalents of \$664,000. The company's independent auditors had included a material uncertainty related to going concern section in the independent auditors' report on the audited financial statements of the group and the company for the financial year ended 31 December 2023.

It was also noted that the group incurred a net loss of \$(921,000), experienced cash outflows from operating activities amounting to \$(823,000) and is in a capital deficiency position of \$(137,000).

- (i) Has the group's relatively weak financial position hindered management's ability to secure new business in its Insurtech segment?**

Company's response:

The Company is cognizant that the ability to secure new business in the Insurtech segment is dependent on, amongst others, market and economic conditions, the demand for such services and external competition. Due to reasons of confidentiality and protection of business interests, the Group is unable to share further details on the Company's ability to secure new business in its Insurtech segment.

- (ii) What is the current cash burn rate of the group?**

Company's response:

Due to reasons of confidentiality and protection of business interests, the Group is unable to share further details on its cash burn rate. However, it is noted that the current operating cash flow usage is at S\$823,000 for FY2023, compared to S\$1,767,000 for FY2022. The decrease is partly due to cost-saving measures taken by the Group.

- (iii) Has the board evaluated fundraising options? If so, how does the board ensure that existing shareholders are not unduly diluted?**

Company's response:

Please refer to the Company's response to Q2(ii). The Company continues to consider all existing options to meet the financial needs of the Company and as and when such options are determined upon, disclosure of the same will be made to shareholders.

By order of the Board of
V2Y CORPORATION LTD.

Ong Shen Chieh (Wang Shengjie)
Executive Director and Chief Executive Officer

21 June 2024

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

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