

REVEZ CORPORATION LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201119167Z)

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF PGK DIGITAL NETWORKS PTE LTD

1. INTRODUCTION

The Board of Directors (“**Board**”) of REVEZ Corporation Ltd. (“**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company, has on 30 September 2020, entered into a conditional binding term sheet (“**Agreement**”) with Giulio Dorrucchi (the “**Vendor**”), to purchase the entire interest in the issued and paid-up share capital, comprising all the ordinary shares, of PGK Digital Networks Pte. Ltd. (formally known as PGK Media Group Pte. Ltd.) (the “**Target**”) (“**Sale Shares**”) held by the Vendor (“**Proposed Acquisition**”).

2. RATIONALE OF THE PROPOSED ACQUISITION

2.1 Background of the Vendor

The Vendor has been actively developing and studying digital, interactive and broadcasting technologies for more than 30 years, starting his experience at the University of Television and Broadcasting Technologies in Milan, Italy. The Vendor’s entrepreneurial spirit started in the late 1980s in Italy where he founded his first business pioneering the first interactive optical media system in co-operation with Sony Italia. In 2005, he founded the Target in Singapore, a now established Out-of-Home media group with a strong track record in creating, owning, and implementing innovative and award-winning digital media solutions and media networks.

In the academic field, the Vendor has been playing an active role in promoting the development and propagation of digital technologies in multiple roles - Chairman of the Singapore DAB Digital Audio Broadcasting Development Forum, partner of IDM R&D Programme Office under Media Development Authority of Singapore, partner of A*Star I2R Infocomm Institute of Research, foundation member of the Singapore International Advertising Congress under the Institute of Advertising and member of SiTF Singapore Infocomm Technology Federation and Singapore Business Federation and member of the Immersive Media Entertainment, Research, Science & Arts (“IMERSA”).

In 2007, the Vendor received an invitation by the Singapore government to become a Singapore citizen, which he accepted. He was voted as one of the Best Man Of The Year 2008 by ADAsia Magazine, which commemorates a yearly selection of people who best contributed to the development of the advertising and marketing industries and was also awarded with the Asia Pacific Entrepreneurship Award (“APEA”) as well as the Spirit of Enterprise Award (“SOE”).

2.2 Background of the Target

The Target is an established Out-of-Home Media Group with a strong track record in creating, owning, and implementing innovative and award-winning digital media solutions and media networks.

The Target’s networks are deployed at hotel chains, malls and convention centres, resorts and casinos, stadiums and universities and nationwide at diners, coffee shops, housing estates and community centres. The Target is also the owner and operator of YOUTV Network, one of the most

comprehensive Nationwide Community Digital Noticeboards Network implemented in partnership with various Town Councils in Singapore reaching millions of citizens daily.

The Target is an ISO 45001 (an International standard for Occupational Health & Safety) and BizSafe Star certified-brand and its achievements are recognised by many prestigious awards over the years. Other awards include the Infocomm Singapore Award for two consecutive years, the Asia Pacific ITC Alliance Award for Best R&D Project and the Singapore Outdoor Advertising Award for Best Outdoor Media.

2.3 Rationale

The Target has maintained a strong track record of delivering Interactive IT solutions to its customers. The Company sees a direct benefit from the Target's pool of customers who are currently in need of Creative and IT services which the Group can offer. The Agreement is strategically aligned with the Company's business strategy to broaden its scope by providing media buy and placement services as part of a comprehensive multimedia strategy to customers.

In addition, the Target has established approximately 500 panels in its YOUTV media network across places including Bishan-Toa Payoh Town Council and Jurong-Clementi Town Council. This provides recurring business and a more sustainable revenue stream for the Group.

3. KEY TERMS OF AGREEMENT

3.1 Purchase Consideration

The Target's unaudited financial period ended 30 June 2020 (prorated for 6 months period based on unaudited management accounts as at 31 August 2020) recorded a revenue of approximately S\$0.7 million, and a Net Profit Before Tax ("**NPBT**") of approximately S\$33,000. The net tangible assets value of the Target as at 30 June 2020 is estimated at approximately S\$246,000.

The Company shall acquire 100% equity of the Target. The agreed aggregate purchase price is S\$4 million (Singapore Dollars Four Million) ("**Purchase Consideration**") which will be paid in a combination of cash and Company ordinary shares ("Company's shares") based on the transacted volume weighted average price for the 6 months period prior to this Agreement signing date ("VWAP") provided that such price is no more than 10% discount to the weighted average prevailing market price for trades done on the Exchange for the full market day on the Agreement signing date, whichever is higher ("**BUY PRICE**"). Accordingly, the BUY PRICE is S\$0.34784.

This purchase price was arrived at arm's length negotiation, on a willing buyer willing seller basis, taking into consideration the Target's existing YOUTV media networks, existing customers profile and business networks.

There is no independent valuation report on the Sale Shares for the Proposed Acquisition.

The cash to be used for the Purchase Consideration will be financed through the internal funds of the Company.

3.2 Consideration Payment Schedule ("Consideration Payment**")**

The Consideration Payment shall be in four (4) tranches as follow:

At Completion: An amount equivalent to S\$2,400,000 in cash (Singapore Dollars Two Million Four Hundred Thousand) payable either by telegraphic transfer or cashier's order in such mode as the Purchaser shall determine, to the Vendor ("**First Tranche Payment**");

Conditional where the NPBT for FY2021 (being 1st January 2021 – 31 December 2021) is equal or more than S\$1,000,000 (Singapore Dollars One Million). Such 1,437,442 number of the Company's shares equivalent to the value of S\$500,000 calculated using the BUY PRICE to be issued to the Vendor ("**Second Tranche Payment**");

Conditional where the NPBT for FY2022 (being 1st January 2022 – 31 December 2022) is equal or more than S\$1,000,000 (Singapore Dollars One Million). Such 1,437,442 number of the Company's shares equivalent to the value of S\$500,000 calculated using the BUY PRICE to be issued to the Vendor ("**Third Tranche Payment**") and

Conditional where the NPBT for FY2023 (being 1st January 2023 – 31 December 2023) is equal or more than S\$1,000,000 (Singapore Dollars One Million). Such 1,724,931 number of the Company's shares equivalent to the value of S\$600,000 calculated using the BUY PRICE to be issued to the Vendor ("**Fourth Tranche Payment**").

For FY2021, if the Target's actual NPBT falls short of S\$1,000,000, the relevant shortfall shall be carried over and added to the NPBT for FY2022 of S\$1,000,000 ("**Revised Achievement for FY2022**"). The Second Tranche Payment will be withheld. No Company's shares will be issued and subject to achieving the Revised Achievement for FY2022.

For FY2022, if the Target's actual NPBT falls short of the Revised Achievement for FY2022, the relevant shortfall shall be carried over and added to the NPBT for FY2023 of S\$1,000,000 ("**Revised Achievement for FY2023**"). The Third Tranche Payment will be withheld. No Company's shares will be issued and subject to achieving the Revised Achievement for FY2023.

For FY2023, if the Target's actual NPBT falls short of the Revised Achievement for FY2023, the Vendor shall have no right or entitlement to any payment of the **Second Tranche Payment, Third Tranche Payment** and the **Fourth Tranche Payment**. The Vendor understands and agrees that he will not have any claims for any payment, issuance of any Company's shares or compensation in any way or form.

As long as the Target can achieve NPBT of S\$3,000,000 (Singapore Dollars Three Million) cumulatively across FY2021, FY2022 and FY2023 ("**Accumulative NPBT**"), either in a single year, or as sum of two (2) years or cumulatively across the three (3) years whichever is earlier, the remaining Purchase Consideration of \$1,600,000 worth of Company's shares calculated using the BUY PRICE will be issued to the Vendor.

For the avoidance of doubt, the Vendor does not need to compensate the Company for any shortfall if the Target is unable to achieve the NPBT of S\$1,000,000 (Singapore Dollars One Million) for each of the FY2021, FY2022 and FY2023.

3.3 Reward for Performance

In addition to Consideration Payment in section 3.2, there is a one-time reward for performance that is calculated based on a percentage equivalent to 40% (Forty percent) of the Bonus Earn Out (as defined below).

Bonus Earn Out is calculated based on total actual NPBT for FY2021, FY2022 and FY2023 less the Accumulative NPBT.

The Reward for Performance will be paid to the Vendor in cash either by telegraphic transfer or cashier's order in such mode as the Purchaser shall determine. The reward for performance will be paid to the Vendor in any such year where the Target has exceeded the Accumulative NPBT.

3.4 Conditions Precedent

Completion of the Share Acquisition shall be subject to the satisfaction or waiver, as the case may be, of the conditions precedent, inter alia, prior to 28 October 2020 (“**Completion Date**”).

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

4.1 The financial effects of the Proposed Acquisition on the Group set out below have been calculated using the audited consolidated financial statements of the Group for financial year ended 31 December 2019 (“FY2019”). The financial effects are shown for illustrative purposes only and they do not necessarily reflect the exact future financial position and performance of the Group after completion of the Proposed Acquisition.

4.2 Effects on net tangible assets (“NTA”)

Had the Proposed Acquisition been effected on 31 December 2019, the financial effect on the NTA per share of the Group for the financial year ended 31 December 2019 is as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA (S\$'000) ⁽¹⁾	7,524	7,524
Number of issued shares ('000)	167,500	167,500
NTA per share (SGD cents)	4.49	4.49

⁽¹⁾Net tangible assets (“NTA”) denotes NTA attributable to equity owners of the Company

4.3 Effects on earnings per Share (“EPS”)

Had the Proposed Acquisition been effected on 1 January 2019, the financial effect on Company's earnings per share for the financial year ended 31 December 2019 is as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Net loss after tax attributable to equity owners of the company (S\$'000)	(12,251)	(11,809)
Weighted average number of issued shares ('000)	157,598	157,598
Loss per shares (SGD cents per share)	(7.77)	(7.49)

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “SGX-ST”) LISTING MANUAL, SECTION B: RULES OF CATALIST

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual, Section B: Rules of Catalist (the “Listing Manual”) and based on the unaudited financial results of the Company for the financial half year ended 30 June 2020 (“1H2020”) are as set out below:

Rule 1006 of the Listing Manual	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value.	Not applicable
(b)	The net profits ⁽¹⁾ to the assets to be acquired, compared with the Group’s net profits.	25.4% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares.	6.89% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	2.75% ⁽⁴⁾
(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 are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable ⁽⁵⁾

Notes:

- (1) “net profits” means profit or loss before income tax, minority interests and extraordinary items.
- (2) The comparison is based on the Target’s unaudited net profits before tax for the financial half year ended 30 June 2020 of approximately S\$33,000 and the Group’s unaudited net profits before tax for the financial half year ended 30 June 2020 of approximately S\$129,000.
- (3) Based on the maximum aggregate value of the Purchase Consideration of approximately S\$4 million (without taking into consideration of Reward for Performance in section 3.3, if any) and the market capitalisation of the Company of S\$58,097,238 as at 29 September 2020 (based on the weighted average price transacted on the market day preceding the date of the Agreement), assuming that the Target has achieved the Accumulated NPBT.
- (4) The number of new ordinary shares to be issued by the Company as Purchase Consideration for the Proposed Acquisition is in aggregate up to 4,599,815 ordinary shares based on the BUY PRICE.
- (5) Not applicable as the Proposed Acquisition is not a disposal of mineral, oil and gas assets.

Based on the above figures, the Proposed Acquisition is a discloseable transaction under Rule 1010 of the Listing Manual.

6. UNDERTAKING

The Vendor undertakes to indemnify and hold the Company harmless at all times from and against all losses, damages, costs (including legal costs on a full indemnity basis), claims, demands, proceedings and expenses which the Company may sustain, incur or pay by reason of any fraudulent representation or conduct in relation to the Target, and/or a breach of any Warranty and/or of any term of or obligation under the agreement given or to be performed by him, including any liability, loss or damage the Target may incur as a result of any fraud, wilful default, act or omission on his part.

7. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective interests in the Company and save as disclosed in this announcement, none of the directors of the Company, or controlling shareholders or their associates, as far as the Company is aware, has any interest, direct or indirect, in the Proposed Acquisition.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 25 Kallang Avenue #02-02 Singapore 339416 for a period of 3 months from date of this announcement.

11. CAUTIONARY STATEMENT

The Directors would like to advise the Shareholders that, although the Agreement has been entered into, completion of the Proposed Acquisition ("Completion") is subject to Conditions Precedent to be fulfilled (or waived) and there is no assurance that Completion will take place. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the shares of the Company.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

12. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Acquisition and its completion, as appropriate or when there are developments on the same.

The Company will make an application to the SGX-ST through its Sponsor for the approval of the listing and quotation of the new shares of the Company on the SGX-ST Catalist Board to be allotted and issued in accordance to the Consideration Payment. An appropriate announcement on receipt of the listing and quotation notice, if granted, will be made in due course. The new shares of the Company to be allotted and issued are conditional upon the grant of the listing and quotation notice by the SGX-ST and the conditions in the listing and quotation notice being fulfilled.

By Order of the Board
REVEZ CORPORATION LTD.

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

Date: 30 September 2020

This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the content of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms. Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415-9881.