Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Yinda Infocomm Limited

Stock code: 42F

Meeting details:
Date: 30 September 2021
Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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

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

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

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

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

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

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Q2. As shown on page 7 (Financial highlights), loss attributable to owners of the company amounted to $(7.85) million in FY2021. The number of issued shares has increased from 152 million to 647.3 million, due to several private placements carried out in the past year. Net asset value per share increased to 8.11 cents as at 31 May 2021.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)