

**REVEZ CORPORATION LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 201119167Z)

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**EMPHASIS OF MATTER ON THE AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited, the Board of Directors (the “**Board**”) of Revez Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the independent auditors of the Company, Moore Stephens LLP (the “**Independent Auditors**”), have without qualifying its opinion, included an emphasis of matter on the ongoing legal proceedings in relation to claims for demand of payment against the Company, its wholly owned subsidiary – PGK Digital Networks Pte. Ltd. (“**PGK**”), and the Company’s nominated directors to PGK’s board by the former chief executive officer and director of PGK in their report (the “**Independent Auditor’s Report**”) in respect of the audited financial statements of the Group for the financial year ended 31 December 2022 (“**Audited Financial Statements FY2022**”).

A copy of the Independent Auditor’s Report together with an extract of Note 2 and Note 32(b) to the Audited Financial Statements FY2022 is annexed to this announcement.

The Board is of the view that sufficient information has been disclosed for trading of the Company’s securities to continue in an orderly manner and confirm that all material information in relation to the Group has been provided for trading of the Company’s shares to continue.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor’s Report and the Audited Financial Statements FY2022 in their entirety, which can be found in the Company’s annual report for FY2022 (the “**Annual Report FY2022**”) released via the SGXNet on 12 April 2023.

**By Order of the Board**  
**REVEZ CORPORATION LTD.**

Jennifer Zhang Dan  
Executive Director

Date: 12 April 2023

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

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

*The contact person for the Sponsor is Mr Lance Tan, Senior Vice President at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.*

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Revez Corporation Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the “Act”) and 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 and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### *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 *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *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 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.

### *Emphasis of Matter*

We draw attention to Note 32(b) to the financial statements, which describe the ongoing legal proceedings in relation to claims for demand of payment against the Company, its wholly owned subsidiary - PGK Digital Networks Pte. Ltd. (“PGK”), and the Company’s nominated directors to PGK’s board (collectively, the “Defendants”) by the former chief executive officer and director of PGK (the “Plaintiff”). The solicitors engaged by the Defendants have advised that the Defendants have a reasonable chance to succeed in their defences against the Plaintiff’s claims, and the Company and PGK succeeding in their counterclaims against the Plaintiff. The directors of the Company are therefore of the view that no provision for any loss from the ongoing legal proceedings is required to be recognised in the financial statements at the reporting date. Further, as disclosed in Note 2 to the financial statements, management is of the view that the ongoing legal proceedings will not affect the business operations of the Group, and in the event any payment of such demand(s) are made by the Company and/or PGK, such payment(s) are not expected to materially impact the financial position of the Group/Company and the ability of the Group/Company to continue as a going concern. Our opinion is not modified in respect of these matters.

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Impairment of property, plant and equipment</b> (Refer to Note 13 to the financial statements)</p> <p>As at 31 December 2022, management performed impairment testing of the Group's property, plant and equipment, in relation to media equipment under the digital media networks segment, as there was indication of impairment. These media equipment amounted to approximately S\$2.31 million (before any impairment loss) as at year end, representing approximately 84% of the Group's property, plant and equipment.</p> <p>For the impairment testing, management prepared value in use ("VIU") calculations to determine the recoverable amount of the relevant cash-generating unit ("CGU") for the media equipment. Following the impairment testing, an impairment loss on the Group's property, plant and equipment, in relation to media equipment, of approximately S\$1.34 million was recognised in the financial statements at the reporting date as disclosed in Note 13 to the financial statements.</p> <p>The VIU was based on cash flow forecast of the relevant CGU, the preparation of which involves significant judgements and estimates by management, to determine the recoverable amount of the relevant CGU for the media equipment. Accordingly, we determined this as a key audit matter.</p>	<p>Our audit procedures included, amongst others, evaluating management's assumptions and estimates applied in the cash flow forecasts taking into consideration our knowledge of the operations and performance of the relevant CGU and industry benchmarks. In addition, we also validated key inputs used in the discounted cash flow forecast, such as forecasted revenue, operating costs and the discount rate, to contractual and historical data to assess the reasonableness of management's forecast. We tested management's sensitivity analysis of the recoverable amount of the relevant CGU for the media equipment based on reasonable changes to the key assumptions used in the cash flow forecast. We also checked the mathematical accuracy of the underlying calculations.</p> <p>In addition, we reviewed the adequacy of the disclosures made for the impairment testing of the Group's property, plant and equipment, in relation to the media equipment, including management's sensitivity analysis, in Note 13 to the financial statements.</p>

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Impairment of goodwill and intangible assets</b> (Refer to Note 14 and Note 15 to the financial statements)</p> <p>As at 31 December 2022, management performed annual impairment testing of the Group's goodwill. Management also performed impairment testing of the Group's intangible assets as there was indication of impairment. The Group's goodwill and intangible assets amounted to approximately S\$1.67 million and S\$0.36 million (before any impairment loss), respectively, as at year end, and are entirely under the digital media networks segment.</p> <p>For the impairment testing, management prepared value in use ("VIU") calculations to determine the recoverable amount of the relevant cash-generating unit ("CGU"). Following the impairment testing, full impairment losses on the Group's goodwill and intangible assets were recognised in the financial statements at the reporting date as disclosed in Note 14 and Note 15, respectively.</p> <p>The VIU was based on cash flow forecast of the CGU, the preparation of which requires significant judgements and estimates by management, to determine the recoverable amount of the relevant CGU. Accordingly, we determined this as a key audit matter.</p>	<p>Our audit procedures included, amongst others, evaluating management's assumptions and estimates applied in the cash flow forecast taking into consideration our knowledge of the operations and performance of the CGU, and industry benchmarks. In addition, we also validated key inputs used in the discounted cash flow forecast, such as forecasted revenue growth rate and the discount rate, to historical data and external market data to assess the reasonableness of management's forecasts. We also checked the mathematical accuracy of the underlying calculations.</p> <p>In addition, we reviewed the adequacy of the disclosures made for the impairment testing in of the Group's goodwill and intangible assets in Note 14 and Note 15 to the financial statements.</p>

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Impairment of investment in subsidiaries</b> (Refer to Note 16(e) to the financial statements)</p> <p>As at 31 December 2022, management performed impairment testing of the Company's investments in two subsidiaries, Revez Motion Pte. Ltd. ("RM") and PGK Digital Networks Pte. Ltd. ("PGK"), as there was indication of impairment.</p> <p>For the impairment testing, management prepared value in use ("VIU") calculations to determine the recoverable amount of the relevant cash-generating unit ("CGU"). Following the impairment testing, impairment losses on the Company's investment in RM and PGK of approximately S\$3.65 million and S\$4 million, respectively, were recognised in the financial statements at the reporting date as disclosed in Note 16(e) to the financial statements.</p> <p>Consequent to the above, the carrying amount of the Company's investments in subsidiaries have been written down to S\$615,553 as at 31 December 2022 as disclosed in Note 16(e) to the financial statements.</p> <p>The VIU was based on cash flow forecasts of the CGU, the preparation of which involves significant judgements and estimates by management, to determine the recoverable amount of the CGU, and may be affected by uncertainties around future market or economic conditions. Accordingly, we determined this as a key audit matter.</p>	<p>Our audit procedures included, amongst others, evaluating management's assumptions and estimates applied in the cash flow forecasts taking into consideration our knowledge of the subsidiaries' operations, performance and industry benchmarks. We also obtained an understanding of management's planned strategies on revenue growth and cost initiatives for these subsidiaries. In addition, we also validated key inputs used in the discounted cash flow forecasts, such as forecasted revenue growth rate and the discount rate, to historical data and external market data to assess the reasonableness of management's forecasts. We tested management's sensitivity analysis of the recoverable amount of these investments based on reasonable changes to the key assumptions used in the cash flow forecasts. We also checked the mathematical accuracy of the underlying calculations.</p> <p>In addition, we reviewed the adequacy of the disclosures in relation to the impairment testing of investment in subsidiaries, including management's sensitivity analysis, in Note 16(e) to the financial statements.</p>

# INDEPENDENT AUDITOR'S REPORT

## *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, 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 financial statements and to maintain accountability of assets.

In preparing the 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.

# INDEPENDENT AUDITOR'S REPORT

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

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 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 control.
- Obtain an understanding of internal control 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 control.
- 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 auditor's report to the related disclosures in the 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 auditor's 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the 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.

# INDEPENDENT AUDITOR'S REPORT

## *Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

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 control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Ng Chiou Gee Willy.

**Moore Stephens LLP**  
Public Accountants and  
Chartered Accountants

Singapore  
12 April 2023



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the consolidated financial statements:

## 1 General Information

Revez Corporation Ltd. (the “Company”) is a public limited liability company incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The address of the Company’s registered office and principal place of business is 29 Media Circle, #03-13 Alice@Mediapolis, Singapore 138565.

The Company’s immediate and ultimate holding company was L3N Capital Pte. Ltd. (“L3N Capital”), incorporated in Singapore and the ultimate controlling parties of the Group were Neo Wee Han Victor, Lim Kian Sing and Liang Xingfen (Spouse of Lee Han Chong) (collectively, the “Controlling Shareholders”). Following the acquisition of shares held by L3N Capital by certain third parties, L3N Capital ceased to be the ultimate holding company of the Company on 7 December 2022, and consequently, the Controlling Shareholders ceased to be controlling parties of the Company on that date.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 16.

The financial statements were approved by the directors of the Company and authorised for issue on the date of the Directors’ Statement.

## 2 Going Concern Assumption

For the financial year ended 31 December 2022, the Group incurred a net loss and a total comprehensive loss of S\$4,436,385 (2021: S\$2,195,733) and has net cash flows used in operating activities of S\$656,333 (2021: S\$459,970). As at 31 December 2022, the Company’s current liabilities exceeded its current assets by S\$29,047 (2021: current assets exceeded current liabilities by S\$2,354,961).

The above conditions may cast a significant doubt on the ability of the Group/Company to continue in operational existence for the foreseeable future and to discharge its liabilities in the normal course of business.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2022

## 2 Going Concern Assumption (cont'd)

Notwithstanding the above, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2022 is appropriate after taking into account the following considerations:

- (a) Management is of the view that the Group/Company will have sufficient working capital for at least the next 12 months from the date of these financial statements and will be able to pay its debts as and when they fall due based on a forecasted cash flow prepared;
- (b) Management has implemented cost-containment measures and does not expect the Group and/or the Company to have significant operational commitments that will require significant cash outflow in the next 12 months;
- (c) As disclosed in Note 32(b), there is ongoing legal proceedings in relation to claims for demand of payment against the Company, its wholly owned subsidiary - PGK Digital Networks Pte. Ltd. ("PGK"), and the Company's nominated directors to PGK's board (collectively, the "Defendants") by the former chief executive officer and director of PGK (the "Plaintiff"). The solicitors engaged by the Defendants have advised that the Defendants have reasonable chance to succeed in their defences against the Plaintiff's claims, and the Company and PGK succeeding in its counterclaims against the Plaintiff. Management is therefore of the view that the ongoing legal proceedings will not affect the business operations of the Group, and in the event any payment of such demand(s) are made by the Company and/or PGK, such payment(s) are not expected to materially impact the financial position of the Group/Company and the ability of the Group/Company to continue as a going concern;
- (d) As disclosed in Note 33, the Company has subsequent to the financial year end, entered into a loan agreement with a substantial shareholder of the Company for a S\$2.0 million loan for the purpose of the Company's working capital. The loan is unsecured, interest-free and will be repaid in full on maturity 2 years from the date of the draw down of the loan by the Company or any such date as may be extended by the Company with the lender's prior written consent. As at the date of these financial statements, the Company has fully drawn down the loan of S\$2.0 million; and
- (e) The Company is exploring the possibility of corporate actions involving entering into new business opportunities to generate new sources of revenue and/or fund-raising exercises for the Group.

Based on the forecasted cash flow prepared by management, the successful outcome of the ongoing legal proceedings and the aforesaid 2 year term loan obtained from a substantial shareholder of the Company subsequent to the financial year end, the directors of the Company are of the view that the Group and the Company will have sufficient cash resources to satisfy their working capital requirements, and the Group and the Company to continue in operational existence for the foreseeable future and to discharge their liabilities in the normal course of business.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2022

## 32 Contingent Liabilities (cont'd)

### (b) Ongoing legal proceedings

On 18 August 2022 and 2 December 2022, the Company (or “RCL”) received letters of demand from the solicitors acting for Mr Giulio Dorrucchi (“Mr Dorrucchi”), the former CEO and director of PGK (who was also the former 100% shareholder of PGK), the contents of which are set out in RCL’s announcements on 23 August 2022 and 4 December 2022, respectively.

On 8 December 2022, Mr Dorrucchi commenced an Originating Claim in the High Court of Singapore (the “High Court”), against RCL, PGK, and as well as RCL’s nominated directors to PGK’s board, namely Mr Neo Wee Han Victor and Mr Lim Kian Sing (collectively, the “Defendants”). Pursuant to the Originating Claim, Mr Dorrucchi is claiming for the following:

*Against PGK:*

- (i) Mr Dorrucchi alleges that PGK had, through the conduct of the nominated directors to PGK’s board, wrongfully repudiated an employment agreement dated 27 October 2020 (“Employment Agreement”) entered between Mr Dorrucchi and PGK, such that he was constructively dismissed by PGK from his role as CEO and director of PGK. He also claims to have accepted PGK’s alleged repudiation on 8 November 2022 and is therefore claiming “lost salary and allowances” amounting to S\$206,500 from the day after his alleged constructive dismissal until 31 December 2023, i.e. the contractual end-date of the Employment Agreement (“Employment Claim”);
- (ii) Mr Dorrucchi claims the sum of S\$510,000 (Note 24) from PGK, being dividends declared to him when he was 100% shareholder of PGK, but which are allegedly owing and outstanding; and
- (iii) costs and interest.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2022

## 32 Contingent Liabilities (cont'd)

### (b) Ongoing legal proceedings (cont'd)

*Against RCL and RCL's nominated directors to PGK's board:*

#### (i) Claims relating to the Term Sheet

Mr Dorrucchi's claims against RCL arises out of a term sheet dated 30 September 2020 between RCL and Mr Dorrucchi (the "Term Sheet"), pursuant to which RCL purchased all of Mr Dorrucchi's equity in PGK. Mr Dorrucchi contends that there is an alleged implied term to the Term Sheet that RCL (whether by its officers, servants and/or agents, or otherwise) should not engage in any conduct which would (a) interfere with Mr Dorrucchi's management of PGK as its CEO and director, (b) interfere with PGK achieving the Net Profit Before Tax ("NPBT") Milestones and/or (c) otherwise hinder Mr Dorrucchi from being paid the remaining purchase price or reward under the Bonus Earn Out. He contends that RCL, through the conduct of the nominated directors to PGK's board, breached the implied term by interfering with Mr Dorrucchi's management or undermining his position as CEO and director of PGK. Mr Dorrucchi makes the following claims against RCL and RCL's nominated directors to PGK's board:

- an order to be transferred such number of shares in RCL having the value of the remaining purchase price of S\$1.6 million under the Term Sheet, or alternatively damages in the amount of S\$1.6 million or damages in such amounts to be assessed;
- damages in respect of Mr Dorrucchi's loss of reward from the Bonus Earn Out that he was entitled to under the Term Sheet, to be assessed;
- damages for conspiracy, to be assessed;
- damages for inducing PGK to breach the Employment Agreement, in the amount of S\$206,500, or damages in such amounts to be assessed; and
- costs and interest.

#### (ii) Claims relating to Mr Dorrucchi's Employment Agreement

Mr Dorrucchi contends that PGK had breached his Employment Agreement because RCL (the "Employment Agreement") and the nominated directors to PGK's board had wrongfully interfered with his management of PGK. As a result, he treated himself as being constructively dismissed by PGK, and claims S\$206,500 in damages, being the remuneration he would have been paid for the rest of his 3-year employment term. He also claims a declared, but yet to be paid, dividend of S\$510,000.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2022

## 32 Contingent Liabilities (cont'd)

### (b) Ongoing legal proceedings (cont'd)

In its defense,

*PGK:*

PGK denies that it had breached the Employment Agreement as alleged by Mr Dorrucci or at all. It also takes that position that PGK is not obligated to pay the dividends claimed as he had agreed to subordinate his right to be paid the dividends until after PGK fully repays the loans extended by RCL to PGK.

PGK is also counterclaiming against Mr Dorrucci for breaches of the Employment Agreement and/or his statutory and/or fiduciary duties to PGK and/or his duties of fidelity to PGK, and is claiming damages to be assessed for Mr Dorrucci's breaches.

*RCL and RCL's nominated directors to PGK's board:*

RCL asserts that it did not, whether by itself or RCL's nominated directors to PGK's board, interfere with Mr Dorrucci's management or undermined his position as CEO and director of PGK. RCL has counterclaimed that Mr Dorrucci has breached the following terms in the Term Sheet: (i) that he would use his best endeavours to achieve the NPBT milestones and that he would do so as a committed employee, and (ii) that he would not directly or indirectly engage or be interested in any business activities in conflict with PGK's business or contemplated business. Subject to further discovery and particularisation of its claim, RCL is claiming losses/damages in the aggregate sum of S\$2,796,497 against Mr Dorrucci, or alternatively, damages to be assessed for his breaches of the Term Sheet.

In addition, the Company via the directors, whom the Company has nominated to the board of PGK, has undertaken to conduct an internal review of the management, operations and financial status of PGK (the "Internal Review"). As part of the Internal Review, the board of PGK has engaged independent legal counsel and independent accountants to assist and advise the board of PGK on the Internal Review.

The solicitors engaged by the Defendants (the "Defendants' Solicitors") have filed their defence, and RCL's and PGK's counterclaims in early January 2023 followed by Mr Dorrucci's defence to RCL's and PGK's counterclaims in early February 2023.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2022

## 32 Contingent Liabilities (cont'd)

### (b) Ongoing legal proceedings (cont'd)

Based on the information and documents the Defendants' Solicitors have reviewed and the instructions the Defendants' Solicitors have received, the Defendants' Solicitors have expressed their view about the merits of the Originating Claim to management, subject to the High Court's final assessment of the credibility of the Company's witnesses and any further documents which may be disclosed by Mr Dorrucchi in the course of the proceedings, as follows:

- Pursuant to the terms of the Term Sheet, the remaining purchase price is payable in the form of 4,599,815 shares in RCL. It is not an obligation to pay a sum of money; RCL can, if so elects, issue new shares to fulfil this obligation.
- Mr Dorrucchi's claim of S\$510,000 is solely made against PGK. There is no legally plausible claim which Mr Dorrucchi can advance against RCL in relation to this claim.
- Mr Dorrucchi's claim of Bonus Earns Out is only entitled if PGK is and/or would have been able to earn any amount in excess of the NPBT Target of S\$3 million. It is highly unlikely that PGK could achieve the NPBT Target, and similarly, unlikely that Mr Dorrucchi would be able to succeed on this claim.

Based on the above, the Defendants' Solicitors have advised that the Defendants have a reasonable chance to succeed in their defences against Mr Dorrucchi's claims, and RCL and PGK succeeding in their counterclaims against Mr Dorrucchi. There is also a mediation to be scheduled. The directors of the Company are therefore of the view that no provision for any loss from the ongoing legal proceedings is required to be recognised in the financial statements at the reporting date.

## 33 Event Occurring After the Reporting Period

Subsequent to the financial year end, the Company entered into a loan agreement with a substantial shareholder of the Company for a S\$2.0 million loan for the purpose of the Company's working capital. The loan is unsecured, interest-free and will be repaid in full on maturity 2 years from the date of the draw down of the loan by the Company or any such date as may be extended by the Company with the lender's prior written consent. As at the date of these financial statements, the Company has fully drawn down the loan of S\$2.0 million.