THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Johan Holdings Berhad

Registration No. 192001000038 (314-K)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PROPOSED DISPOSAL BY JOHAN INVESTMENT PRIVATE LIMITED, A WHOLLY-OWNED SUBSIDIARY OF JOHAN HOLDINGS BERHAD, OF THE ENTIRE EQUITY INTEREST IN DINERS CLUB (SINGAPORE) PRIVATE LIMITED TO EZY NET PTE. LTD. FOR A DISPOSAL CONSIDERATION OF SGD103,586,103 (EQUIVALENT TO APPROXIMATELY RM313.98 MILLION)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD
(Company No.: 194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B

QWANTUM SKYLIGHT CAPITAL

QWANTUM SKYLIGHT CAPITAL SDN BHD
(Company No.: 683802-A)

The Notice of the Extraordinary General Meeting of Johan Holdings Berhad ("**EGM**"), which is scheduled to be held at George Kent Technology Centre, 1115, Jalan Puchong, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan on Friday, 29 January 2021 at 9.30 a.m., or any adjournment thereof, together with the Proxy Form are enclosed in this Circular.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/ her behalf. In such event, the Proxy Form must be lodged at the registered office of Johan Holdings Berhad at 11th Floor, Wisma E&C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, not less than 48 hours before the time for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form	:	Wednesday, 27 January 2021 at 9.30 a.m.
Date and time of the EGM	:	Friday, 29 January 2021 at 9.30 a.m.

This Circular is dated 7 January 2021

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	The Companies Act, 2016
"Board"	:	The Board of Directors of Johan
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Candypay"	:	Candypay Holdings Pte. Ltd.
"Circular"	:	This circular dated 7 January 2021
"Director(s)"	:	The director(s) of Johan and shall have the meaning given in Section 2(1) of the Capital Market Services Act 2007, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon:- (i) A director of the listed issuer, its subsidiary or holding company; and (ii) A chief executive of the listed issuer, its subsidiary or holding company
"DCS"	:	Diners Club (Singapore) Private Limited
"DCS Share(s)" or "Share(s)"	:	Ordinary share(s) in DCS
"DCM"	:	Diners Club (Malaysia) Sdn Bhd
"DPPL"	:	DinersPay Pte. Ltd.
"DWTM"	:	Diners World Travel (Malaysia) Sdn Bhd
"DWTS"	:	Diners World Travel Pte. Ltd.
"Disposal Consideration"	:	The disposal consideration of SGD103,586,103 (equivalent to approximately RM313.98 million) for the Proposed Disposal, which will be satisfied entirely via cash
"EGM"	:	Extraordinary general meeting of Johan
"EPS" / "(LPS)"	:	Earnings per share/ (Loss) per share
"Excluded Asset(s)"	:	Collectively, DWTS, SUSB, DCM, DWTM and LPR
"Ezy Net" or the "Purchaser"	:	Ezy Net Pte. Ltd.
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"Genesis"	:	Genesis Business Holdings Pte. Ltd.
"JIPL" or the "Vendor"	:	Johan Investment Private Limited

"Johan" or the "Company"	:	Johan Holdings Berhad
"Johan Group" or the "Group"	:	Johan and its subsidiaries, collectively
"Johan Share(s)" or "Share(s)"	:	Ordinary share(s) in Johan
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	11 December 2020, being the latest practicable date prior to the printing and dispatch of this Circular
"LPR"	:	Lumut Park Resort Sdn Bhd
"NA"	:	Net assets attributable to the ordinary equity holders of the Company
"Net Receivables Amount"	:	The estimated outstanding amount of intra group receivables of DCS, due and owing from the Excluded Assets and other subsidiaries within the Group as at 31 January 2021
"NTA"	:	Net tangible assets
"PAT"/ "(LAT)"	:	Profit after tax/ (Loss) after tax
"PBT"/ "(LBT)"	:	Profit before tax/ (Loss) before tax
"Proposed Disposal"	:	Proposed disposal by JIPL, a wholly-owned subsidiary of Johan, of 4,645,256 DCS Shares, representing the entire equity interest in DCS for Disposal Consideration
"Qwantum" or the "Independent Adviser"	:	Qwantum Skylight Capital Sdn Bhd
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Sale Share(s)"	:	4,645,256 DCS Shares, representing the entire equity interest in DCS
"SGD"	:	Singapore Dollar(s)
"SSA"	:	The conditional shares purchase agreement dated 24 December 2020 entered into between JIPL and Ezy Net, Candypay and Genesis involving the disposal of the Sale Shares by JIPL to Ezy Net at the Disposal Consideration
"SUSB"	:	Strategic Usage Sdn Bhd
"UOB Kay Hian" or the "Principal Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd

All references to "**our Company**", "**the Company**", "**we**", "**us**", "**our**" and "**ourselves**" are made to Johan, or where the context requires, shall include Johan's subsidiaries. Unless the context otherwise requires, reference to "**Board**" is to our Board of Directors and reference to "**Management**" is to our Directors and key management personnel as at the LPD of this Circular.

All references to "**you**" or "**your(s)**" in this Circular are made to shareholders who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

Unless otherwise stated, the exchange rate of SGD1.00: RM3.0311, being Bank Negara Malaysia’s prevailing middle rate as at 5.00pm on 11 December 2020 as adopted in the Company's announcement dated 24 December 2020 in respect of the Proposed Disposal, had been applied in this Circular for illustration and consistency purposes.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

CIRCULAR TO THE SHAREHOLDERS OF JOHAN IN RELATION TO THE PROPOSED DISPOSAL:-

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Disposal. The shareholders of Johan are advised to read the Circular (Part A and Part B) in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Disposal before voting at the EGM.

<table>
<tr><th>Key information</th><th>Description</th><th>Reference to Part A of Circular</th></tr>
<tr><td>Summary of the Proposed Disposal</td><td>➢ The Proposed Disposal entails the disposal of the entire equity interest in DCS by JIPL to Ezy Net for a disposal consideration of SGD103,586,103, which will be offset against the amounts as set out in Section 2.5, Part A of this Circular, in accordance with the terms and conditions of the SSA</td><td>Section 2</td></tr>
<tr><td>Mode of settlement</td><td>➢ The disposal consideration of SGD103,586,103 will be satisfied entirely via cash, and will be offset against the following items:-
<table>
<tr><th></th><th>SGD'000</th></tr>
<tr><td>Disposal Consideration</td><td>103,586</td></tr>
<tr><td>Less: Excluded Assets Consideration</td><td>(18,861)</td></tr>
<tr><td>Less: Net Receivables Amount</td><td>(84,725)</td></tr>
</table></td><td>Section 2.5</td></tr>
<tr><td>Rationale for the Proposed Disposal</td><td>➢ Due to the increasing competition in the hospitality and payment gateway businesses and considering that DCS's charge card and credit card services is a standalone charge card business, the Disposal Subsidiaries' losses and the liabilities are impacting the Group's financial position

➢ The completion of the Proposed Disposal at the Disposal Consideration will result in the deconsolidation of DCS, including derecognising the liabilities from DCS, giving rise to a pro forma gain of approximately SGD62.12 million (equivalent to approximately RM190.17 million) recorded on Johan Group's consolidated financial statements, thereby improving the financial position of the Group</td><td>Section 3</td></tr>
<tr><td>Parties involved and any conflict of interest element from the Proposed Disposal</td><td>➢ None of the Directors and/ or major shareholders of Johan and/ or any persons connected to them have any interest, whether direct or indirect, in the Proposed Disposal.

➢ All advisers involved in this Proposed Disposal are independent parties, which has no conflicts of interest or potential conflicts of interest arising as the advisers for this Proposed Disposal</td><td>Section 9 and Appendix IV</td></tr>
<tr><td>Highest percentage ratio for the Proposed Disposal</td><td>➢ The highest percentage applicable to the Proposed Disposal is approximately 512.17%, hence, shareholders' approval from Johan is required to approve the Proposed Disposal</td><td>Section 8</td></tr>
<tr><td>Board's recommendation</td><td>➢ Our Board recommends that you vote FOR the resolution pertaining to the Proposed Disposal, which will be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular, or the Notice of EGM as enclosed</td><td>Section 10</td></tr>
</table>

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

PART A

LETTER TO THE SHAREHOLDERS OF JOHAN IN RELATION TO THE PROPOSED DISPOSAL

Johan Holdings Berhad

Registration No. 192001000038 (314-K)
(Incorporated in Malaysia)

Registered Office

11th Floor, Wisma E&C
No. 2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur

7 January 2021

Board of Directors

Tan Sri Dato' Tan Kay Hock *(Chairman & Chief Executive)*
Puan Sri Datin' Tan Swee Bee *(Group Managing Director)*
Tan Sri Dato' Seri Dr Ting Chew Peh *(Non-Independent Non-Executive Director)*
Dato' Ahmad Khairummuzammil Bin Mohd Yusoff *(Independent Non-Executive Director)*
Ooi Teng Chew *(Independent Non-Executive Director)*

To: The shareholders of Johan Holdings Berhad

Dear Sirs/ Madam,

PROPOSED DISPOSAL

---

1. INTRODUCTION

On 24 December 2020, UOB Kay Hian had on behalf of our Board, announced that JIPL, our wholly-owned subsidiary, had on even date entered into the SSA with Ezy Net, Candypay and Genesis for the disposal of 4,645,256 DCS Shares, representing the entire equity interest of DCS for a disposal consideration of SGD103,586,103 (equivalent to approximately RM313.98 million), which will be satisfied in the manner as set out in **Section 2.5, Part A** of this Circular, in accordance with the terms and conditions of the SSA.

For avoidance of doubt, Candypay and Genesis are shareholders of Ezy Net, further details are set out in **Sections 2.2** and **2.3, Part A** of this Circular.

DCS is in the provision of charge card and credit card services, which are currently under the hospitality and card business segment of our Company, and is a major contributor to the revenue of our Group. The hospitality and card business segment is the core contributor to Johan Group's revenue, contributing approximately 98.30%, 97.84% and 98.67% of our Group's total revenue over the past 3 financial years up to the latest audited FYE 31 January 2020, respectively. Therefore, the Proposed Disposal is deemed as a major disposal pursuant to Paragraphs 10.02 and 10.11A of the Listing Requirements and post-Proposed Disposal, our Group may be classified as an affected listed issuer by Bursa Securities pursuant to Paragraph 8.03(A)(2) of the Listing Requirements. Nevertheless, our Board and our management team will reassess the triggering criteria of the affected listed issuer as stipulated in the Listing Requirements based on the latest audited financial statement available at the completion of the Proposed Disposal, and will make relevant announcement pertaining to the status under the provision of the Listing Requirements.

In view that the Proposed Disposal is deemed as a major disposal pursuant to Paragraphs 10.02 and 10.11A of the Listing Requirements, our Board has appointed Qwantum to act as the independent adviser to advise the Directors and shareholders of Johan as to whether the Proposed Disposal is fair and reasonable so far as our Directors and our shareholders are concerned, and whether the Proposed Disposal is to the detriment of our shareholders.

For avoidance of doubt, the Proposed Disposal is not a related party transaction. Further details on the Proposed Disposal are set out in the ensuing sections of this Circular.

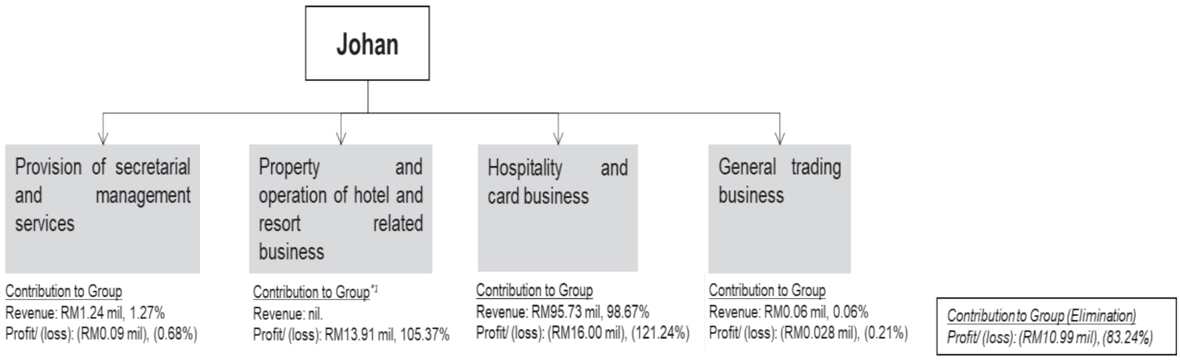
THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED DISPOSAL, AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

On 24 December 2020, JIPL had entered into the SSA with Ezy Net, Candypay and Genesis for the proposed disposal of the entire equity interest in DCS by JIPL to Ezy Net for a disposal consideration of SGD103,586,103, which will be offset against the amounts as set out in **Sections 2.4** and **2.5, Part A** of this Circular, in accordance with the terms and conditions of the SSA.

At present, our Group is in 4 business segments, namely the provision of hospitality and card business, property and operation of hotel and resort related business, the provision of secretarial and management services, and general trading business. The business segments and segmental contribution of Johan Group based on the latest audited financial statements for the FYE 31 January 2020 are diagrammatically depicted as follows:-

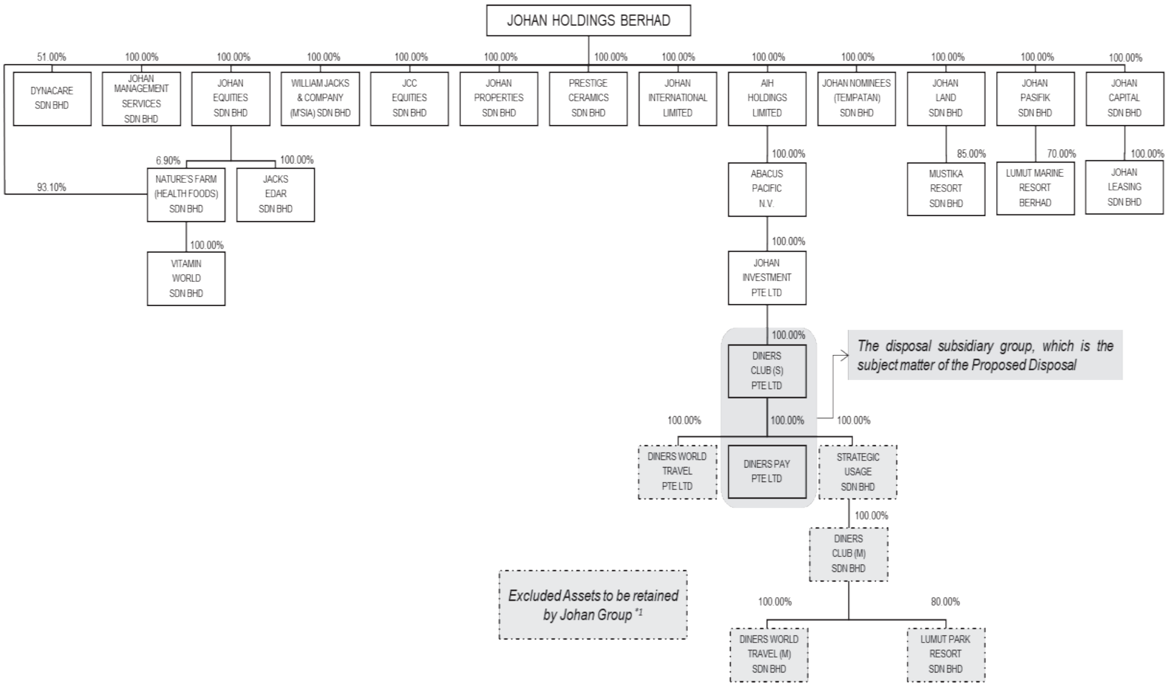


***Note**:-*

*1 *For the latest audited FYE 31 January 2020, despite of registering no revenue, the property and operation of hotel and resort related business recorded profit of approximately RM13.91 million mainly due to the fair value gain derived from the reclassification of 4 parcels of vacant land from inventories to investment properties.*

The Johan Group's structures before and after the Proposed Disposal are diagrammatically illustrated as follows:-

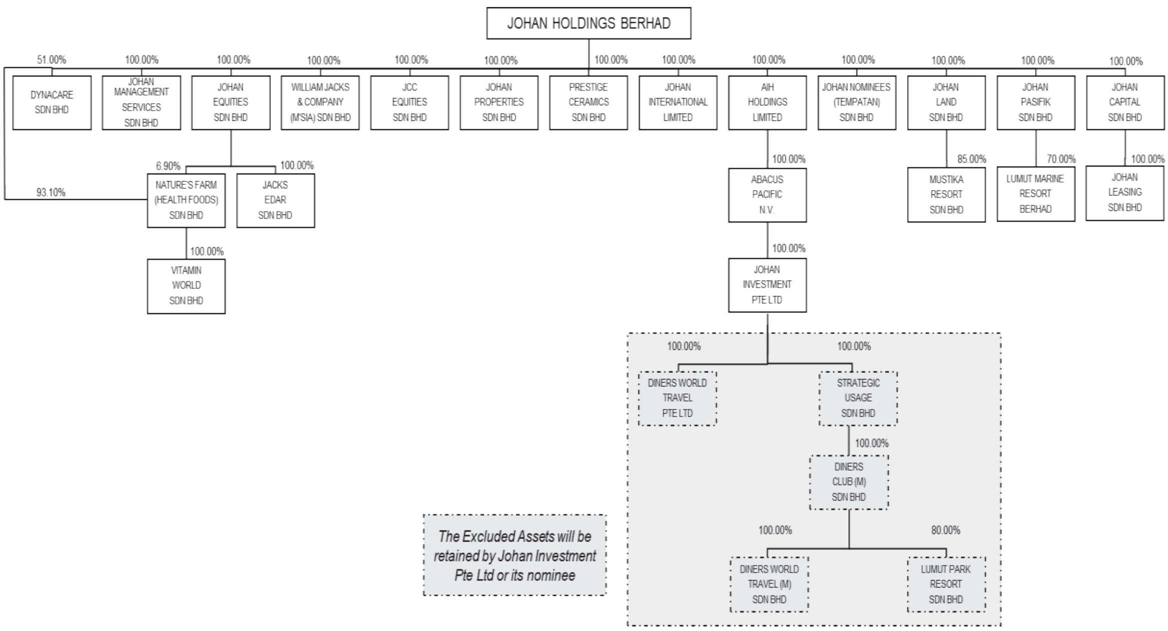
Before the Proposed Disposal



***Note**:-*

*1 *The Excluded Assets will be retained by Johan Group whereby DCS will execute share transfer forms to effect the transfer of the entire equity interest in DWTS and SUSB to JIPL or its nominee.*

After the Proposed Disposal



As depicted in the diagram above, the Proposed Disposal entails the disposal of DCS and one of its subsidiary companies, namely DPPL (DCS and DPPL are collectively referred to as the "**Disposal Subsidiaries**"), whilst the remaining subsidiaries of DCS as listed below will be excluded from the Proposed Disposal:-

(i) DWTS;
(ii) SUSB and its subsidiaries which include:-
  (a) DCM;
  (b) DWTM; and
  (c) LPR.

For information purpose, DCS had entered into an Asset Securitisation Programme on 5 September 2019 with DFS Assets Purchase Pte. Ltd. ("**DFSAP**") which is a special purpose entity held by a trust, namely Intertrust (Singapore) Ltd, and is involved in the provision of financing arrangement between DCS and institutional lenders with the objective to raise funds through the securitization of receivables on behalf of DCS. For clarification, under the Asset Securitisation Programme, DFSAP securitises the receivables of DCS to institutional lenders and such receivables will be nominated as investment notes to be subscribed by the institutional lenders/ investors. Although our Group does not hold any equity interest in DFSAP, our Group retains the majority of the residual or ownership risk related to DFSAP on its assets, which is purely DCS' receivables, as its activities are being conducted on behalf of our Group according to our specific business requirements. Therefore, according to the Malaysian Financial Reporting Standards 10, our Group is deemed to have control in DFSAP.

As set out above, although DCS does not hold any equity interest in DFSAP, our Group retains the majority of the residual or ownership risk related to DFSAP on its assets by virtue of the Asset Securitisation Programme between DCS and institutional lenders. Therefore, as DCS will no longer be part of our Group following the completion of the Proposed Disposal, DFSAP, the business activity of which is mainly related to DCS, will no longer be part of our Group and accordingly, the liabilities attached with it will be deconsolidated from our Group's financial statements.

As the disposal consideration of the Proposed Disposal is approximately SGD103.59 million, it was agreed between the parties to the SSA that the Disposal Consideration will be offset against with the following:-

(i) the aggregate costs of investment (net of impairment) of the Excluded Assets of approximately SGD18.86 million ("**Excluded Assets Consideration**") as recorded by DCS based on its latest audited financial statements as at FYE 31 January 2020; and

(ii) the estimated outstanding amount of intra group receivables of DCS, due and owing from the Excluded Assets and other subsidiaries within our Group of approximately SGD84.73 million ("**Net Receivables Amount**") based on the management account on 31 January 2021. This amount was derived based on the outstanding amount owing as at end-December 2020 of approximately SGD84.41 million, and the anticipation of our management that the net receivables amount as of 31 January 2021 will be approximately SGD84.73 million.

    For shareholders' information, the Net Receivables Amount was accumulated since May 1988 and is mainly comprising intra-companies loans/ advances to facilitate the ordinary course of business of Johan Group, and working capital requirements of our companies.

In view of the above, JIPL and Johan Group will no longer require to repay the Net Receivables Amount owing to the Disposal Subsidiaries. Further details are set out in **Sections 2.4** and **2.5, Part A** of this Circular.

DCS is considered as one of the core subsidiaries of the hospitality and card business segment of our Group as it had contributed more than 70.0% to our Group's revenue over the past 3 financial years up to the FYE 31 January 2020. Set out below is the breakdown in respect of the revenue contribution from the Disposal Subsidiaries over the past 3 financial years up to the FYE 31 January 2020:-

On company level (without consolidation)	**FYE 31 January 2020**		**FYE 31 January 2019**		**FYE 31 January 2018**	
	RM'000[*1]	**%**	**RM'000**[*1]	**%**	**RM'000**[*1]	**%**
DCS	79,987	82.44	89,342	84.38	105,367	86.02
DPPL	1,566	1.61	814	0.77	3	0.01
Sub-total	81,553	84.05	90,156	85.15	105,370	86.03
Johan Group's total revenue	**97,023**	**100.00**	**105,880**	**100.00**	**122,485**	**100.00**

***Note**:-*

*1 *The amount is as per the audited financial statements of the respective financial years based on the foreign exchange rate at the prevailing time.*

As shown above, the total revenue contributed by the Disposal Subsidiaries represents approximately 86.03%, 85.15% and 84.05% of our Group's total revenue for the past 3 financial years up to the FYE 31 January 2020, respectively. Upon completion of the Proposed Disposal, it is the intention of our Group to carry on with its remaining business segments, i.e. the general trading activities, the provision of management and secretarial services, property and operation of hotel and resort related business, and may potentially diversify into a new business venture/ investment, which is in the manufacturing and marketing of gloves and other healthcare related products, subject to necessary approval(s) being obtained. Our Company will make necessary announcement pertaining to this new business in due course. Please refer to **Section 5, Part A** of this Circular for further details on the future plans of our Group.

2.1 Information on the Disposal Subsidiaries

2.1.1 DCS

DCS was incorporated in Singapore on 13 March 1973 as a private limited company. DCS is principally in the provision of charge card and credit card services in Singapore under the Diners Club card franchise.

As at the LPD, DCS has an issued share capital of SGD4,704,056 comprising 4,645,256 ordinary shares. DCS is 100.0%-owned by JIPL, which in turn wholly-owned by Johan.

As at the LPD, the directors of DCS are Peter Tam Kui Pui and James Koh Chuan Lim.

As at the LPD, DCS has 6 subsidiaries, the details of which are set out below:-

	Subsidiary	**Date/ Place of incorporation**	**Effective equity held by DCS**	**Business activities**	**Share capital**	**Director**
Disposal Subsidiary	DPPL	29 September 1986/ Singapore	100.0%	Payment processing, payment gateway and merchant acquiring services	SGD500,002 comprising 500,002 ordinary shares	(i) James Koh Chuan Lim; and (ii) Peter Tam Kui Pui

Excluded Assets

Subsidiary	Date/ Place of incorporation	Effective equity held by DCS	Business activities	Share capital	Director
DWTS	4 June 1977/ Singapore	100.0%	Ticketing and tour management solutions provider	SGD1,600,000 comprising 1,600,000 ordinary shares	(i) James Koh Chuan Lim; and (ii) Peter Tam Kui Pui
SUSB	3 March 2003/ Malaysia	100.0%	Investment holding	RM47,279,000 comprising 47,279,000 ordinary shares	(i) Teh Yong Fah; (ii) James Koh Chuan Lim; and (iii) Choo Chin Yoon
DCM	27 August 1960/ Malaysia	100.0%	Dormant	RM40,005,572 comprising 40,005,572 ordinary shares	(i) Teh Yong Fah; and (ii) James Koh Chuan Lim
DWTM	1 July 1974/ Malaysia	100.0%	Ticketing and tour management solution providers	RM750,000 comprising 750,000 ordinary shares	(i) Teh Yong Fah; and (ii) Choo Chin Yoon
LPR	18 July 1990/ Malaysia	80.0%	Resort related business and property development	RM5,000,000 comprising 5,000,000 ordinary shares	(i) Teh Yong Fah; and (ii) Choo Chin Yoon

As set out in **Section 2, Part A** of this Circular, DFSAP is in the provision of financing arrangement between DCS and institutional lenders, whereby DFSAP is intended to raise funds through the securitization of receivables on behalf of DCS. The Proposed Disposal will result in the deconsolidation of DFSAP, including its financial arrangement and liabilities attached with it, from our Group.

For information purposes, there is no requirement to prepare consolidated financial statements for statutory purpose at DCS group level premised on the fact that the consolidated audited financial statements are prepared at the holding company level, i.e. at Johan level, therefore there was no consolidated audited financial statements for DCS over the past 3 financial years under review. Set out below is the individual audited financial statements of DCS and DPPL (as set out in **Section 2.1.2, Part A** of this Circular) over the past 3 financial years up to the latest FYE 31 January 2020.

A summary of the financial information of DCS for the latest audited 3 financial years up to the FYE 31 January 2020 and the latest unaudited 9-month FPE 31 October 2020 is set out as follows:-

	Unaudited FPE		Audited FYE					
	9-month 31 October 2020		31 January 2020		31 January 2019		31 January 2018	
	SGD'000	RM'000*1	SGD'000	RM'000*1	SGD'000	RM'000*1	SGD'000	RM'000*1
Revenue	16,168	49,087	26,516	79,987	29,978	89,342	34,188	105,367
Interest income	2,812	8,537	4,752	14,333	3,799	11,323	3,799	11,710
Other operating income	1,288	3,910	2,175	6,561	1,272	3,791	2,267	6,986
	20,268	61,534	33,443	100,881	35,049	104,456	40,254	124,063
Earnings/ (loss) before interest, taxes and amortisations	6,109	18,547	8,137	24,545	8,747	26,068	12,623	38,905
(LBT)	(2,049)	(6,221)	(5,056)	(15,252)	(7,148)	(21,301)	(354)	(1,090)
(LAT)	(2,049)	(6,221)	(3,270)	(9,864)	(5,837)	(17,394)	(708)	(2,181)
EPS/ (LPS) (SGD/RM)	(0.44)	(1.34)	(0.70)	(2.12)	(1.26)	(3.74)	(0.15)	(0.47)
Total borrowings	17,565	53,128	7,272	21,708	33,989	102,551	28,550	84,237
NA per share (SGD/RM)	8.03	24.30	8.47	25.30	9.09	27.43	10.13	30.49
Gearing level (times)	0.47	0.47	0.18	0.18	0.80	0.80	0.61	0.61

***Note**:-*

*1 *The amount is as per the audited financial statements of the respective financial years based on the foreign exchange rate at the prevailing time.*

Please refer to **Appendix I(A)** of this Circular for the financial commentaries of DCS.

2.1.2 DPPL

DPPL was incorporated in Singapore on 29 September 1986 as a private limited company. DPPL is principally in payment processing, payment gateway and merchant acquiring services.

As at the LPD, DPPL has an issued share capital of SGD500,002 comprising 500,002 ordinary shares. DPPL is 100.0%-owned by DCS, which in turn wholly-owned by JIPL, which is a wholly-owned subsidiary of Johan.

As at the LPD, the directors of DPPL are Peter Tam Kui Pui and James Koh Chuan Lim.

As at the LPD, DPPL does not have any subsidiary nor does it own any associated company.

A summary of the financial information of DPPL for the latest audited 3 financial years up to the FYE 31 January 2020 and the latest unaudited 9-month FPE 31 October 2020 is set out as follows:-

	Unaudited FPE		**Audited FYE**					
	9-month 31 October 2020		**31 January 2020**		**31 January 2019**		**31 January 2018**	
	SGD'000	**RM'000**[*1]	**SGD'000**	**RM'000**[*1]	**SGD'000**	**RM'000**[*1]	**SGD'000**	**RM'000**[*1]
Revenue	67	203	519	1,566	273	814	1	3
Earnings/ (loss) before interest, taxes and amortisations	(303)	(919)	(184)	(555)	(144)	(429)	(11)	(34)
(LBT)	(318)	(967)	(184)	(555)	(144)	(429)	(11)	(34)
(LAT)	(318)	(967)	(184)	(555)	(136)	(405)	(23)	(71)
EPS/(LPS) (SGD/RM)	(0.64)	(1.93)	(0.37)	(1.11)	(0.27)	(0.81)	(0.05)	(0.14)
Total borrowings	-	-	-	-	-	-	-	-
NA per share (SGD/RM)	0.03	0.11	0.67	2.01	1.04	3.13	1.31	3.87
Gearing level (times)	-	-	-	-	-	-	-	-

***Note**:-*

*1 *The amount is as per the audited financial statements of the respective financial years based on the foreign exchange rate at the prevailing time.*

Please refer to **Appendix I(B)** of this Circular for the financial commentaries of DPPL.

2.2 Information on the Purchaser

Ezy Net was incorporated in Singapore on 30 August 2000 registered as a private company limited by shares. Ezy Net is one of the leading secure end-to-end electronic payment solutions providers in the Singapore market, providing terminal rental, setup, reprogramming services.

As at the LPD, Ezy Net has an issued share capital of SGD5,000,000 comprising 5,000,000 ordinary shares.

The directors and shareholders of Ezy Net, together with the respective direct and indirect shareholdings as at the LPD are set out below:-

	Nationality/ Place of incorporation	**Designation**	**< -------- Direct ------ >** No. of shares	**%**[*1]	**< ----- Indirect ------- >** No. of shares	**%**[*1]
Candypay	Singapore	Shareholder	1,500,000	30.0	-	-
Genesis	Singapore	Shareholder	950,000	19.0	-	-
Sim Chin Hwa	Singaporean	Shareholder	1,225,000	24.5	-	-
Yohannes Hartanto	Indonesian	Shareholder/ Director	1,325,000	26.5	-	-
Wang Yanming	Chinese	Director	-	-	577,000	11.5
Bernard Tay Thiam Meng	Singaporean	Director	-	-	-	-

***Note**:-*

*1 *Based on the total issued shares of 5,000,000 in Ezy Net.*

2.3 Information on Purchaser's shareholders

2.3.1 Candypay

Candypay was incorporated in Singapore on 2 February 2018 registered as a private company limited by shares. Candypay is primarily in the management consultancy services.

As at the LPD, Candypay has an issued share capital of United States Dollars ("**USD**") 6,760,000 comprising 6,760,000 ordinary shares.

The directors and shareholder of Candypay, together with the respective direct and indirect shareholdings as at the LPD are set out below:-

	Nationality/ Place of incorporation	Designation	< -------- Direct ------ > No. of shares	%[*1]	< ----- Indirect ------- > No. of shares	%[*1]
Shanghai JFPAL Information Technology Co., Ltd	China	Shareholder	6,760,000	100.0	-	-
Shen, Hanghui	Chinese	Director	-	-	3,569	0.05
Shi En	Chinese	Director	-	-	17,556	0.26
Shao Yejia	Chinese	Director	-	-	11,661	0.17
Gu Sheng Hong	Chinese	Director	-	-	-	-

Note:-

*1 *Based on the total issued shares of 6,760,000 in Candypay.*

2.3.2 Information on Genesis

Genesis was incorporated in Singapore on 2 February 2018 registered as a private company limited by shares. Genesis is primarily in the management consultancy services.

As at the LPD, Genesis has an issued share capital of SGD100.00 comprising 100 ordinary shares.

The directors and shareholders of Genesis, together with the respective direct and indirect shareholdings as at the LPD are set out below:-

	Nationality/ Place of incorporation	Designation	< -------- Direct ------ > No. of shares	%[*1]	< ----- Indirect ------- > No. of shares	%[*1]
Essential Perfection Enterprises Limited	British Virgin Islands	Shareholder	50	50.0	-	-
Bonus Partners Worldwide Limited	British Virgin Islands	Shareholder	50	50.0	-	-
Liu, Yangyun	Chinese	Director	-	-	-	-
Wang Yanming	Chinese	Director	-	-	50	50.0

	Nationality/ Place of incorporation	Designation	< -------- Direct ------ > No. of shares	%[*1]	< ----- Indirect ------- > No. of shares	%[*1]
Shi En	Chinese	Director	-	-	-	-
Gu Shenghong	Chinese	Director	-	-	-	-

Note:-

[*1] *Based on the total issued shares of 100 in Genesis.*

2.4 Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration was agreed upon between parties to the SSA, on a willing-buyer willing-seller basis, after taking into consideration the following:-

(i) The original cost of investment in DCS of approximately SGD34.35 million by Johan Group acquired in August 1983 as set out in **Section 2.7, Part A** of this Circular; and

(ii) The consideration for the Excluded Assets of approximately SGD18.86 million, which was arrived at, based on the aggregate costs of investment (net of impairment) recorded in DCS's latest audited financial statement for the FYE 31 January 2020 of these Excluded Assets.

Set out below is the breakdown of the aggregate cost of investment (net of impairment) for each Excluded Assets:-

Excluded Assets	SGD' million	Cost of investment SGD' million
DWTS		1.70
SUSB		17.16[*1]
• SUSB's subsidiaries		
(i) DCM	16.85	
(ii) DWTM	0.16	
(iii) LPR	0.15	
Total		**18.86**

Note:-

[*1] *The cost of investment in SUSB derived from SGD19.72 million less impairment provision of SGD2.56 million.*

(iii) The estimated outstanding amount of intra group receivables of DCS, particularly the Disposal Subsidiaries only, due and owing from the Excluded Assets and other subsidiaries within the Group of SGD84.73 million based on the management account on 31 January 2021. This amount was derived based on the outstanding amount owing as at end-December 2020 of approximately SGD84.41 million, and the anticipation of our management that the net receivables amount as of 31 January 2021 will be approximately SGD84.73 million.

For clarification, our Board, in considering the Disposal Consideration, has taken into consideration our Group's original cost of investment in DCS of approximately SGD34.35 million in view that the Disposal Subsidiaries had been recording net losses for the past 3 financial years up to the FYE 31 January 2020. In addition, the Purchaser is interested only in the card business and payment gateway business but not the Excluded Assets' business activities, which are in the ticketing and tour management solutions provider, as such, the Excluded Assets Consideration was also based upon the aggregate costs of investment (net of impairment) recorded in DCS's latest audited financial statement for the FYE 31 January 2020 of these Excluded Assets and will be offset against the Disposal Consideration.

Additionally, our Board had also taken into consideration the latest audited NA of DCS of approximately SGD39.4 million for the FYE 31 January 2020. The Disposal Consideration represents a premium of approximately 163.24% to the said NA. Accordingly, the price-to-book ratio implied by the Disposal Consideration for the Proposed Disposal is approximately 2.63 times.

Premised on the premium accorded by the Disposal Consideration against the latest NA of DCS for the FYE 31 January 2020, and the pro forma gain of approximately SGD62.12 million (equivalent to approximately RM190.17 million), which will be recognized by the financial statement of Johan Group, coupled with the fact that the Disposal Subsidiaries had been recording net losses over the past 3 financial years up to the latest FYE 31 January 2020, our Board deems the Disposal Consideration as fair and reasonable. Please refer to **Section 2.8, Part A** of this Circular for the computation of the pro forma gain from the Proposed Disposal.

2.5 Mode of Settlement of the Disposal Consideration

The Disposal Consideration will be offset against with the Excluded Assets Consideration and Net Receivables Amount as set out in **Section 2.4, Part A** of this Circular at the completion date of the Proposed Disposal, in the following manner:-

	SGD'000
Disposal Consideration	103,586
Less: Excluded Assets Consideration	(18,861)
Less: Net Receivables Amount	(84,725)

For avoidance of doubt, the Proposed Disposal entails the disposal of DCS group of companies as a whole at the Disposal Consideration. As the Excluded Assets are part of DCS to be retained by our Group post-Proposed Disposal, and the outstanding estimated receivables amount owing from our Group to the Disposal Subsidiaries is expected to subsist till the completion of the Proposed Disposal, the parties of the SSA had agreed to offset the Disposal Consideration with the Excluded Assets Consideration and the Net Receivables Amount. Such arrangement will result in Johan Group not having to pay for the Excluded Assets and Net Receivables Amount after the completion of the Proposed Disposal as the Disposal Consideration is offset against the Excluded Assets Consideration and the Net Receivables Amount.

2.6 Liabilities to be remained with Johan Group

Save for the obligations and the liabilities in and arising from the SSA, there are no other liabilities including contingent liabilities and guarantees to be assumed by Johan Group arising from the Proposed Disposal.

In addition, there is no guarantee given by Johan Group to the Purchaser in relation to the Proposed Disposal.

2.7 Original cost and dates of investment in DCS

The original cost of investment of Johan Group in DCS and the date of such investment are set out below:-

Date of investment	**No. of shares**	**Cost of investment**	
	unit	**SGD**	**RM*1**
August 1983	4,645,256	34,346,322	104,107,137

***Note**:-*

*1 *Based on the current prevailing exchange rate of SGD1: RM3.0311*

2.8 Expected gain/ (loss) arising from the Proposed Disposal

The Proposed Disposal is expected to result in a pro forma gain to Johan Group, details of which are set out below:-

		SGD'000	RM'000
Disposal Consideration		103,586	313,980[*1]
Less:	100.0% of the NA of DCS as at 31 January 2020	(39,366)	(117,519)[*2]
Less:	100.0% of the NA of DPPL as at 31 January 2020	(336)	(1,003)[*2]
Less:	Estimated expenses for the Proposed Disposal	(261)	(792)[*1]
Less:	Goodwill from DCS recorded as at 31 January 2020	(1,505)	(4,494)[*2]
Total pro forma gain		**62,118**	**190,172**

***Notes**:-*

[*1] *Based on the current prevailing exchange rate of SGD1: RM3.0311*

[*2] *Based on exchange rate of SGD1: RM2.9853 adopted as at latest audited FYE 31 January 2020*

Based on the above, Johan Group expects to realize a gain of approximately SGD62.12 million (equivalent to approximately RM190.17 million) based on the Disposal Consideration.

2.9 Financial Resources

The Purchaser had provided its confirmation that it has sufficient resources to meet the financial obligations as required for the acquisition of the Sale Shares pursuant to this Proposed Disposal, and the Proposed Disposal will not fail due to insufficient financial resources by the Purchaser.

Our Board, premised on the abovementioned confirmation, confirmed that the Purchaser has sufficient financial resources to undertake the Proposed Disposal.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED DISPOSAL

The rationale of the Proposed Disposal is to divest Johan's loss making subsidiaries. As set out in **Sections 2 and 2.1, Part A** of this Circular, despite that the Disposal Subsidiaries had contributed substantially to our Group's revenue, the Disposal Subsidiaries had been recording net loss since the past 3 financial years under review, as set out below:-

On company level (without consolidation)	**FYE 31 January 2020**		**FYE 31 January 2019**		**FYE 31 January 2018**	
	RM'000[*1]	**%**	**RM'000[*1]**	**%**	**RM'000[*1]**	**%**
DCS	(9,865)	(52.23)	(17,394)	(17.10)	(2,181)	(9.74)
DPPL	(555)	(2.94)	(405)	(0.40)	(71)	(0.32)
Sub-total	(10,420)	(55.17)	(17,799)	(17.50)	(2,252)	(10.06)
Johan Group's total LAT	**(18,887)**	**100.00**	**(101,690)**	**100.00**	**(22,388)**	**100.00**

***Note**:-*

[*1] *The amount is as per the audited financial statements of the respective financial years based on the foreign exchange rate at the prevailing time.*

As set out in **Section 2.1.1, Part A** of this Circular, DCS is principally in the provision of charge card and credit card services under the Diners Club cards franchise, the card of which, is a payment alternative for corporations, retailers, individuals for dining and services package, and very much affected by the consumer and retail activities. DPPL on the other hand, is principally in payment processing, payment gateway and merchant acquiring services. Due to the increasing competition in the hospitality and payment gateway businesses and considering that DCS's charge card and credit card services is a standalone charge card business, as well as the Disposal Subsidiaries' net losses over the past 3 financial years under review as shown above, the Group had recorded consolidated net losses over the latest financial years under review.

Our Board considers the Proposed Disposal as timely given that the past net losses incurred by the Disposal Subsidiaries and the current economic condition that poses challenges to the Disposal Subsidiaries' business. The completion of the Proposed Disposal at the Disposal Consideration will result in the deconsolidation of the Disposal Subsidiaries, including derecognising the liabilities from the Disposal Subsidiaries and DFSAP under the Asset Securitisation Programme, giving rise to a pro forma gain of approximately SGD62.12 million (equivalent to approximately RM190.17 million) recorded on Johan Group's consolidated financial statements, thereby improving the financial position of the Group. Therefore, our Board deems the Proposed Disposal is fair and reasonable and in the best interest of our Group.

As set out in **Section 2.4, Part A** of this Circular, the Purchaser is interested only in the card business and payment gateway business but not the Excluded Assets' business activities, which are in the ticketing and tour management solutions provider. Therefore, the Excluded Assets will be retained by the Johan Group, and our Board together with our management will review the business and operations of these Excluded Assets as they deem fit, for the purposes of improving the performance and efficiency of the business operations, and may explore potential opportunities, which include, but are not limited to, strategic investment and acquisition, reorganisation and/ or integration of the businesses of these Excluded Assets, as our Board and our management consider suitable, in accordance with the future direction of Johan Group. As at the LPD, our Board and our management do not have any concrete plan and/ or have not entered into any arrangement, negotiation and/ or understanding whatsoever with any party in respect of these Excluded Assets.

4. UTILISATION OF PROCEEDS

As set out in **Section 2.5, Part A** of this Circular, as the Disposal Consideration will be entirely net off against the Excluded Assets Consideration and the Net Receivables Amount, JIPL will not raise any fresh proceeds from the Proposed Disposal. Nevertheless, our Board is of the view that the Proposed Disposal, the completion of which, will result in our Group recognizing the pro forma gain of approximately SGD62.12 million (equivalent to approximately RM190.17 million), which will strengthen the financial position of our Group and will place our Group in a strong position in its future plans.

5. FUTURE PLANS

As set out in **Section 2, Part A** of this Circular, the Proposed Disposal involves Johan disposing DCS, being one of the core subsidiaries of hospitality and card business segment. For the past 3 financial years up to the FYE 31 January 2020, the revenue from the Disposal Subsidiaries had contributed approximately 86.03%, 85.15% and 84.05% to our Group's total revenue, respectively.

Therefore, upon completion of the Proposed Disposal, our Board and our management team will assess our Group's financial position at that point in time so as to determine whether the Proposed Disposal will result in Johan being classified as an Affected Listed Issuer as prescribed under Paragraph 8.03(A)(2) of the Listing Requirements. An announcement will be made by our Company in respect of such classification at the completion of the Proposed Disposal.

For shareholders' information, pursuant to Paragraph 8.03(A) of the Listing Requirements, a listed corporation must maintain an adequate level of operations to warrant continued trading or listing on the Official List. Pursuant to Paragraph 8.03A(2) of the Listing Requirements, a listed corporation may not have a level of operations that is adequate to warrant continued trading or listing on the Official List in the event, amongst others, the following:-

(a) *the listed issuer has suspended or ceased –*

(i) *all of its business or its major business; or*

(ii) *its entire or major operations,*

for any reason whatsoever including, amongst others, due to or as a result of –

(aa) *the cancellation, loss or non-renewal of a licence, concession or such other rights necessary to conduct its business activities;*

(bb) *the disposal of the listed issuer's business or major business; or*

(cc) *a court order or judgment obtained against the listed issuer prohibiting the listed issuer from conducting its major operations on grounds of infringement of copyright of products etc; or*

(b) *the listed issuer has an insignificant business or operations.*

As further defined in Paragraph 8.03(A)(7) of the Listing Requirements:-

(a) *In relation to subparagraph (2)(a) above, "**major**" means such proportion that contributes or generates 70% or more of the listed issuer's revenue on a consolidated basis based on its latest annual audited or unaudited financial statements;*

(b) *"**Insignificant business or operations**" means business or operations which generates revenue on a consolidated basis that represents 5% or less of the share capital (excluding any redeemable preference shares and treasury shares) or the unit holder capital of the listed issuer ("**Capital**") based on its latest annual audited or unaudited financial statements.*

Whilst the Proposed Disposal entails the disposal by our Group of one of our major businesses, it is the intention of our Board to maintain our Company's listing status on the Main Market of Bursa Securities. Post-Proposed Disposal, Johan will still be able to carry out our business operations through the remaining 3 business segments, namely the general trading activities, the provision of management and secretarial services, and property and operation of hotel and resort related business. Given that the 3 remaining business segments had contributed less than 5% of our Group's total revenue over the past 3 financial years under review, our Board is evaluating other new business proposal to complement the loss of contribution from the hospitality and card business segment. In this respect, based on preliminary discussion and evaluation, our Board has identified manufacturing and marketing of gloves business as a potential new business segment of our Group as per our announcement on 8 December 2020 in view of the demand and positive outlook for gloves industry, which is part of our Group's turnaround plan. Further details of this new business segment/ diversification of business shall be made by our Company in due course after procuring the necessary Board's approval.

In respect of this new business venture, it is the intention of our Board to venture into the manufacturing and marketing of gloves organically through Dynacare Sdn Bhd, a 51%-owned subsidiary of Johan, intended to undertake the aforesaid new gloves business. Our Board intends to finance this new business mainly from the proceeds raised from the disposal of vacant land by Prestige Ceramics Sdn Bhd to Aspect Potential Sdn Bhd (further details are set out in **Section 13(ii), Part A** of this Circular), the cash payment received by us from the disposal as at the LPD was RM63.0 million and balance of the deferred cash payment due from Aspect Potential Sdn Bhd amounting to RM45.0 million, and the on-going private placement as announced by our Company on 6 July 2020 (further details are set out in **Section 13(i), Part A** of this Circular). Our Board may consider other forms of funds raising exercise upon the finalisation of the capital expenditure requirements of the gloves business. Notwithstanding the above, we may consider acquisition and/ or merger of an existing gloves company should such opportunity arises. However, as at the LPD, our Board is still in the midst of evaluating this new business and an announcement pertaining to this new business will be made by our Company at a later stage. Should the new business be realised, it is expected to contribute positively to our Group's earnings moving forward.

As highlighted **Section 4, Part A** of this Circular, our Group will not raise any fresh proceeds from the Proposed Disposal given that the Disposal Consideration will be offset against the Excluded Assets Consideration and Net Receivables Amount. Accordingly, as set out above, the expansion into the new business segment will be funded mainly via the proceeds raised from the disposal of vacant land by Prestige Ceramics Sdn Bhd to Aspect Potential Sdn Bhd, the on-going private placement as announced by our Company on 6 July 2020, and/ or bank borrowings.

As the Proposed Disposal is deemed as a major disposal, Qwantum has been appointed by our Board to act as the independent adviser to advise our Directors and our shareholders as to whether the Proposed Disposal is fair and reasonable so far as the shareholders of Johan are concerned, and whether the Proposed Disposal is to the detriment of our shareholders.

In addition, the Proposed Disposal will not result in our Group becoming a Cash Company and PN17 Issuer (as defined in **Section 7, Part A** of this Circular) as the Disposal Consideration will be entirely net off against the Excluded Assets Consideration and the Net Receivables Amount, hence JIPL will not raise any fresh proceeds from the Proposed Disposal as set out in **Section 4, Part A** of this Circular. Nevertheless, our Board is of the view that the Proposed Disposal will result in our Group recognizing a pro forma gain of approximately SGD62.12 million (equivalent to approximately RM190.17 million), which will strengthen the financial position of our Group.

6. RISK FACTORS

6.1 Non-completion of the Proposed Disposal

The completion of the Proposed Disposal is conditional upon the SSA's conditions precedent or terms being fulfilled. In the event that any one or more of the condition precedent and/ or terms is/ are not fulfilled by the parties involved within the stipulated time set out in the SSA, or any breach of the representations or warranties or failure to perform any covenant or agreement by the parties involved pursuant to the SSA, the Proposed Disposal may be delayed or terminated. As such, there can be no assurance that the conditions precedent can be fulfilled and the Proposed Disposal can be completed within the time period permitted under the SSA.

In addition, should a delay or non-completion of the Proposed Disposal occurs, Johan Group may not be able to realize the disposal gain from the Proposed Disposal as disclosed in **Section 2.8, Part A** of this Circular.

Notwithstanding the foregoing, Johan shall endeavor to ensure that the conditions precedent and/ or terms set out in the SSA are fulfilled in a timely manner to facilitate the completion of the Proposed Disposal.

6.2 Future business risks

Upon completion of the Proposed Disposal, Johan will no longer be able to recognize the revenue contributed by DCS, which is a major contributor to our Group in respect of revenue, and will cease consolidating the financial results of DCS. As set out in **Section 2, Part A** of this Circular, the Disposal Subsidiaries had been contributing approximately 86.03%, 85.15% and 84.05%, respectively to our Group's revenue for the past 3 financial years up to the FYE 31 January 2020.

Our Group intends to continue with its operations through its 3 business segments with the potential addition of another new business segment, subject to our shareholders' approval being obtained for the diversification into new business. However, there is no assurance that our Group's financial performance will be further enhanced with the remaining business operations moving forward. Our Group will endeavor to monitor the business operations, which is expected to improve the financial result moving forward.

In addition, upon completion of the Proposed Disposal, Johan may be classified as an Affected Listed Issuer, subject to assessment by our Board at that point in time. The continuous listing of Johan on the Main Market of Bursa Securities is very much dependent on the financial performance, its earnings sustainability and future prospects of the remaining business segments of our Group, and the successful formulation of a regularization plan, if required, by our Board and/ or management team of Johan Group.

At the completion of the Proposed Disposal, our Board will assess the segmental contribution of our Group and will determine on whether our Group will be deemed as an Affected Listed Issuer. Relevant announcement will be made by our Company on the abovementioned status.

7. EFFECTS OF THE PROPOSED DISPOSAL

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of Johan as the Proposed Disposal will not involve any issuance of ordinary shares of Johan. The effects as set out below are in relation to the Proposed Disposal. For information purposes, the Proposed Disposal is not expected to result in Johan becoming a Cash Company or a PN17 Issuer pursuant to Paragraph 8.04 of the Listing Requirements:-

Terminology	Definition
Cash Company	means a listed issuer whose assets on a consolidated basis, consist of 70% or more of cash or short term investments, or a combination of both, which has been considered by Bursa Securities as a Cash Company under Paragraph 8.03 of the Listing Requirements
PN 17 Issuer	a listed issuer triggers any of the prescribed criteria as listed under Section 2.0, Practice Note 17 of the Listing Requirements

7.1 NA per Share and gearing level

Based on the latest audited consolidated financial statements of Johan Group as at 31 January 2020, the pro forma effects of the Proposed Disposal on the consolidated NA and gearing level of Johan Group are as follows:-

	Audited FYE 31 January 2020 RM'000	As at the LPD RM'000	After the Proposed Disposal RM'000
Share capital	380,889	390,701*3	390,701
Reserves	109,587	109,587	64,103*1
Accumulated losses	(429,172)	(429,172)	(198,245)*1*2
Shareholders' Equity/ NA	61,304	71,116	256,559
Non-controlling interests	2,782	2,782	2,782
Total Equity	**64,086**	**73,898**	**259,341**
No. of shares in issue ('000)	622,949	778,686*3	778,686
NA per share (RM)	0.098	0.091	0.329
Borrowings (interest-bearing)	529,246	529,246	15,960*4
Gearing level (times)	8.26	7.16	0.06

Notes:-

*1 *After excluding reserves totalling to approximately RM45.48 million from the Proposed Disposal arising from DCS and DPPL, further details of which are set out in **Appendix III** of this Circular.*

*2 *After taking into consideration the reserves of approximately RM45.48 million and the pro forma gain of approximately RM185.44 million arising from the Proposed Disposal as illustrated in **Appendix III** of this Circular. For clarification, the discrepancy of the pro forma gain as stated herein and the pro forma gain as stated in **Section 2.8, Part A** of this Circular is solely due to foreign exchange rate adopted in the pro forma financial statements.*

*3 *A total of 155,737,100 ordinary shares of Johan was issued and listed on 29 September 2020 at RM0.063 per share pursuant to the private placement exercise which was announced on 6 July 2020.*

*4 *After de-consolidating the total borrowings of DCS and DFSAP of approximately RM513.29 million recorded in the latest audited financial statement for the FYE 31 January 2020 of Johan. For avoidance of doubt, the deconsolidation will result in the Group de-administering the liabilities under the Asset Securitisation Programme, which is presently conducted by DFSAP.*

7.2 Earnings and EPS/ (LPS)

As set out in **Section 3, Part A** of this Circular, DCS has recorded net losses to our Group over the past 3 audited financial years up to the FYE 31 January 2020. Upon completion of the Proposed Disposal, DCS will cease to become an indirect wholly-owned subsidiary of Johan. Thereafter, Johan will cease to consolidate the financial results of DCS.

In addition, the Proposed Disposal will result in the Group recognizing a pro forma gain of approximately SGD62.12 million (equivalent to approximately RM190.17 million) as set out in **Section 2.8, Part A** of this Circular. For illustration purposes, assuming that the Proposed Disposal was completed at the beginning of the FYE 31 January 2020, the pro forma effects on Johan Group's earnings/ EPS based on its latest audited FYE 31 January 2020 are as follows:-

	Audited FYE 31 January 2020 RM'000	Pro forma I After the Proposed Disposal RM'000
Loss attributable to owners of the Company	(18,887)	166,556*1
Number of Shares in issue ('000)	622,949	622,949*2
Basic EPS/ (LPS) (sen)	(3.03)	26.74

Notes:-

*1 *The pro forma LAT of the Group subsequent to the completion of the Proposed Disposal was arrived at, after taking into consideration the following:-*

		RM'000
Consolidated LAT of the Group for the FYE 31 January 2020		*(18,887)*
Add:	*Pro forma gain arising from the Proposed Disposal as set out in **Appendix III** of this Circular*	*185,443**
Pro forma PAT of the Group after the Proposed Disposal		***166,556***

(the discrepancy in the pro forma gain amount as stated above and the pro forma gain as stated in **Section 2.8, Part A** of this Circular is purely due to the adoption of different exchange rate)*

*2 *The private placement, which was announced on 6 July 2020, had not taken effect at that point in time, therefore, the placement shares were not being accounted and will not be illustrated. Please refer to **Section 13(i), Part A** of this Circular for further details and status of the private placement.*

7.3 Convertible securities

As at the LPD, Johan does not have any outstanding convertible securities.

8. APPROVALS REQUIRED AND INTER-CONDITIONALITY OF THE PROPOSED DISPOSAL

The Proposed Disposal is subject to the following approvals being obtained:-

(i) Approval of at least 75.0% of the total number of issued shares held by our shareholders present and voting either in person or by proxy at the EGM.

For shareholders' information purpose, the highest percentage ratio applicable to the Proposed Disposal is approximately 512.17%, calculated based on the Disposal Consideration against the total NA of our Group of approximately RM61.30 million, based on the latest audited financial statements for FYE 31 January 2020; and

(ii) Any other relevant authorities/ parties, if required.

The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by the Company. The voting on the resolution pertaining to the Proposed Disposal at the EGM will be taken on a poll, of which the results of the poll will be validated by an independent scrutineer to be appointed.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

None of our Directors and/ or major shareholders of Johan and/ or any persons connected to them have any interest, whether direct or indirect, in the Proposed Disposal.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered all aspects of the Proposed Disposal, including the rationale and justification for the Proposed Disposal, the salient terms of the SSA, the basis and justification of arriving at the Disposal Consideration as well as the financial effects of the Proposed Disposal:-

(i) is of the opinion that the Proposed Disposal is in the best interest of the Company and the terms and conditions of the SSA are fair and reasonable; and

(ii) recommends that the shareholders of Johan vote in favour of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

11. ADVISER

UOB Kay Hian has been appointed by Johan to act as the Principal Adviser for the Proposed Disposal.

12. INDEPENDENT ADVISER

In view that the Proposed Disposal is a major disposal pursuant to Paragraph 10.11A of the Listing Requirements, our Board has appointed Qwantum to act as the Independent Adviser to undertake the following in relation to the Proposed Disposal:-

(i) Comment as to whether the Proposed Disposal is fair and reasonable insofar as the shareholders of Johan are concerned, and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

(ii) Advise the shareholders of Johan whether they should vote in favour of the Proposed Disposal; and

(iii) Take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in subsections (i) and (ii) above.

13. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below, our Board is not aware of any other corporate exercise that has been announced but not yet completed as at the LPD:-

(i) Private placement, as announced on 6 July 2020, of up to 218,031,900 new ordinary shares of Johan, representing up to approximately 35% of the then total number of Johan Shares to the following parties:-

a) Mustika Manis Sdn Bhd of up to 81,460,487 placement shares and Kurnia Menang Sdn Bhd of up to 74,276,613 placement shares, at an issue price of RM0.063 per placement share; and

b) Third party placee(s), who qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007, to be identified at a later stage of up to 62,294,800 placement shares, at an issue price to be determined later.

As at the LPD, a total of 155,737,100 Johan shares had been placed to Mustika Manis Sdn Bhd and Kurnia Menang Sdn Bhd at issue price of RM0.063 per share and was listed on 29 September 2020, whilst our Company is in the midst of identifying investor(s)/ placee(s) for the remaining placement shares under this proposal;

(ii) Disposal by Prestige Ceramics Sdn Bhd, our wholly-owned subsidiary, of a piece of freehold land measuring approximately 112,396 square metres, held under GRN 150651, Lot No. 1115, Batu 15, Jalan Puchong, 47100 Puchong, Selangor Darul Ehsan for a total disposal consideration of RM127,000,000 to Aspect Potential Sdn Bhd, being the purchaser as announced on 27 November 2019. As at the LPD, we have received cash consideration of RM63.0 million and have yet to receive the balance deferred cash payment of RM45.0 million, which is payable within 5 years from 27 November 2019; and

(iii) The Proposed Disposal (being the subject matter of this Circular).

14. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, our Board expects the Proposed Disposal to be completed by first quarter of 2021. The tentative timetable in relation to the Proposed Disposal is set out below:-

Date/ Timeline	Events
29 January 2021	• Convening of EGM to obtain the approval of shareholders of Johan for the Proposed Disposal • Fulfilment of the conditions precedent pursuant to the SSA • Completion of the Proposed Disposal

15. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be held at George Kent Technology Centre, 1115, Jalan Puchong, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan on Friday, 29 January 2021 at 9.30 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Disposal.

If you are unable to attend, participate, speak and vote at the EGM, you may appoint a proxy or proxies to attend, participate, speak and vote on your behalf. If you wish to do so, you are requested to complete, sign and deposit the enclosed Form of Proxy in accordance with the instructions contained therein so as to arrive at the Company's registered office at 11th floor, Wisma E&C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, not less than 48 hours before the time and date set for the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

Shareholders of Johan are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board
JOHAN HOLDINGS BERHAD

TAN SRI DATO' TAN KAY HOCK
Chairman & Chief Executive

PART B

INDEPENDENT ADVICE LETTER TO THE SHAREHOLDERS OF JOHAN IN RELATION TO THE PROPOSED DISPOSAL

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions provided in the "Definitions" section of the Circular and as defined in the IAL herein, except where the context herein requires otherwise or where otherwise defined herein. All references to "you" are references made to the Shareholders of Johan whilst references to "we", "us, "our" are references to Qwantum, being the Independent Adviser for the Proposed Disposal.

Set out hereunder is an executive summary which highlights some of the salient points arising from Qwantum's independent evaluation of the Proposed Disposal. The Shareholders are advised to read both this IAL and the Circular together with the accompanying appendices and carefully consider the recommendation contained in this IAL before voting on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of Johan Holdings Berhad.

1. INTRODUCTION

On behalf of the Board, UOB Kay Hian announced that JIPL, a wholly-owned subsidiary of Johan, had on 24 December 2020 entered into the SSA with Ezy Net, Candypay and Genesis for the disposal of the entire equity interest of DCS (including DCS's entire direct equity interest in one of its wholly-owned subsidiaries, DPPL).

DCS is involved in the provision of charge card and credit card services, which are currently under the hospitality and card business segment of the Company, and is also the main contributor in respect of the revenue and earnings of this business segment.

Therefore, the Proposed Disposal is deemed as a major disposal pursuant to Paragraphs 10.02 and 10.11A of the Listing Requirements and post-Proposed Disposal, Johan Group may be classified as an affected listed issuer by Bursa Securities pursuant to Paragraph 8.03(A)(2) of the Listing Requirements.

Accordingly, the Board has appointed Qwantum to act as the independent adviser to advise the Directors and Shareholders of Johan as to whether the Proposed Disposal is fair and reasonable so far as the Directors and Shareholders of Johan are concerned, and whether the Proposed Disposal is to the detriment of the Shareholders of Johan.

2. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken into consideration the following:

2.1 Fairness of the Proposed Disposal

Section in the IAL	Area of evaluation	Qwantum's comments
8.1	Fairness of the Disposal Consideration	Qwantum has assessed the fair value of the Disposal Subsidiaries and noted that the Disposal Consideration represents a premium over the proforma consolidated net assets of DCS and DPPL. Premised on the above, we are of the view that the Disposal Consideration is **fair and not detrimental** to the interests of the Shareholders of Johan. Please refer to **Section 8.1** of this IAL for further details.

2. EVALUATION OF THE PROPOSED DISPOSAL (CONT'D)

2.1 Fairness of the Proposed Disposal (Cont'd)

Section in the IAL	Area of evaluation	Qwantum's comments
8.2	Fairness and reasonableness of mode of settlement of the Disposal Consideration	Qwantum's assessment of the mode of settlement of the Disposal Consideration is as follows: (a) As the Excluded Assets Consideration is almost equivalent to the Group's cost of investment (net of impairment losses) in the Excluded Assets, the transfer of the Excluded Assets to JIPL based on the Group's cost of investment will not give rise to any material gain or loss to the Group as the Group had already consolidated the net assets of these Excluded Assets as subsidiaries of the Group. In addition, if the Disposal Consideration is not offset against the Excluded Assets Consideration, Johan Group will have a financial obligation to pay the Excluded Assets Consideration. Therefore, the part settlement of the Disposal Consideration via the offset of the Excluded Assets Consideration is **fair and reasonable**; and (b) In addition, if the Disposal Consideration is not offset against the Net Receivables Amount, Johan Group will have a financial obligation to pay the Net Receivables Amount to DCS. Therefore, the part settlement of the Disposal Consideration via the offset against the Net Receivables Amount is **fair and reasonable**. Premised on the above, Qwantum is of the view that the mode of settlement of the Disposal Consideration is **fair and reasonable**. Please refer to **Section 8.2** of this IAL for further details.

2.2 Reasonableness of the Proposed Disposal

Section in the IAL	Area of evaluation	Qwantum's comments
9.1	Salient terms of the SSA	Qwantum has evaluated the salient terms of the SSA and is of the view that the salient terms of the SSA are **reasonable and not detrimental** to the interests of the Shareholders of Johan. Please refer to **Section 9.1** of this IAL for further details.
9.2	Rationale for the Proposed Disposal	Premised on our evaluation of the rationale of the Proposed Disposal as set out in **Section 9.2** of this IAL, we are of the view that the rationale for the proposed disposal is **reasonable and not detrimental** to the interests of the Shareholders of Johan.

2. EVALUATION OF THE PROPOSED DISPOSAL (CONT'D)

2.2 Reasonableness of the Proposed Disposal (Cont'd)

Section in the IAL	Area of evaluation	Qwantum's comments
9.3	Historical financial performance of DCS and DPPL	DCS and DPPL have incurred losses over the last three (3) financial years up to the financial year ended 31 January 2020 and also for the FPE 31 October 2020. Premised on the above, and the prospects of DCS and DPPL as set out in **Section 9.6** of this IAL, the Management expects to face challenges in turning around the financial performance of DCS and DPPL. Therefore, the Proposed Disposal is **reasonable and not detrimental** to the interests of the Shareholders of Johan. Please refer to **Section 9.3** of this IAL for further details.
9.4	Precedent Transactions Analysis	Based on our assessment of Precedent Transactions, we noted that the PB ratio implied by the Disposal Consideration is within the range of the implied PB ratios of the Precedent Transactions. Premised on the above, the Proposed Disposal is considered **reasonable**. Please refer to **Section 9.4** of this IAL for further details.
9.5	Effects of the Proposed Disposal	The Proposed Disposal will not have any effects on the share capital and the substantial shareholders' shareholdings in Johan as it will not involve the issuance of ordinary shares of Johan. The proforma effects of the Proposed Disposal on the NA, NA per share and Gearing, and Earnings and EPS of the Group, taken as a whole, are **reasonable, and not detrimental** to the interests of the Shareholders of Johan. Please refer to **Section 9.5** of this IAL for further details.
9.6	Overview and prospects of the hospitality and card services business in Singapore, and the prospects of DCS and DPPL	After consideration the overview and prospects of the hospitality and card services business in Singapore and also the prospects of DCS and DPPL, we are of the view that the Proposed Disposal is **reasonable**. Please refer to **Section 9.6** of this IAL for further details.
9.7	Risk factors in relation to the Proposed Disposal	The key risk factors have been considered, addressed and mitigated by the Board. Please refer to **Section 9.7** of this IAL for further details.

2. EVALUATION OF THE PROPOSED DISPOSAL (CONT'D)

2.2 Reasonableness of the Proposed Disposal (Cont'd)

Section in the IAL	Area of evaluation	Qwantum's comments
9.8	Future plans of Johan Group	Taking into consideration the listing status and future plans of Johan, we are of the view that the Group will have an opportunity to improve its financial results (be it a profit or lower net loss) moving forward on the basis that upon completion of the Proposed Disposal, the Group will no longer consolidate the liabilities and expected losses of DCS and DPPL. Premised on the above, we are of the view that the Proposed Disposal is **reasonable**. Please refer to **Section 9.8** of this IAL for further details.
9.9	Alternative bids	The Board has not received an offer from any parties other than the Purchaser and has no intention to seek for any alternative bids for DCS. In view of the absence of other offers and alternative bids for DCS, we are of the view that the Proposed Disposal is **reasonable**.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Disposal and our evaluation is set out in **Sections 8 and 9** of this IAL. The Shareholders should take into account all the merits and demerits of the Proposed Disposal based on the relevant pertinent factors including those which are set out in the Circular, the relevant appendices thereof, this IAL, and other publicly available information.

After having considered all the relevant factors included in our evaluation of the Proposed Disposal and based on the information made available to us, we are of the opinion that the Proposed Disposal is **fair and reasonable** insofar as the Shareholders are concerned and it is not detrimental to the interests of the Shareholders of Johan.

Accordingly, we recommend that you **vote in favour** of the special resolution pertaining to the Proposed Disposal that is to be tabled at the Company's forthcoming EGM.

Qwantum Skylight Capital Sdn Bhd
(Formerly known as Qwantum Capital Sdn Bhd)
200501006755 / 683802-A
No. 303-B, Lorong Perak
Melawati Square Business Centre
Taman Melawati
53100 Kuala Lumpur

7 January 2021

To: The Shareholders of Johan Holdings Berhad

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER TO THE SHAREHOLDERS OF JOHAN HOLDINGS BERHAD ("JOHAN" or the "COMPANY") IN RELATION TO THE PROPOSED DISPOSAL

1. PREAMBLE

This independent advice letter ("**IAL**") is prepared for inclusion in the Circular and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the "Definitions" section of the Circular, except where the context otherwise requires or where otherwise defined herein.

2. INTRODUCTION

On 24 December 2020, UOB Kay Hian Securities (M) Sdn Bhd ("**UOB Kay Hian**"), on behalf of the Board of Directors of Johan ("**Board**"), announced that Johan Investment Private Limited ("**JIPL**" or the "**Vendor**"), a wholly-owned subsidiary of Johan, had entered into a conditional share purchase agreement ("**SSA**") with Ezy Net Pte. Ltd. ("**Ezy Net**" or the "**Purchaser**"), Candypay Holdings Pte. Ltd. ("**Candypay**") and Genesis Business Holdings Pte. Ltd. ("**Genesis**") for the disposal of 4,645,256 ordinary shares ("**Sale Share(s)**"), representing the entire equity interest of Diners Club (Singapore) Private Limited ("**DCS**") for a disposal consideration of SGD103,586,103 (equivalent to approximately RM313.98 million) ("**Disposal Consideration**").

The information on Ezy Net is set out in **Section 2.2, Part A** of the Circular. Candypay and Genesis are shareholders of Ezy Net and further details on these parties are set out in **Section 2.3, Part A** of the Circular.

As disclosed in **Section 1, Part A** of the Circular, DCS is involved in the provision of charge card and credit card services, which are currently under the hospitality and card business segment of the Company, and is also the main contributor in respect of the revenue and earnings of this business segment. The hospitality and card business segment is a core contributor to the revenue of Johan and its subsidiaries ("**Johan Group**" or the "**Group**") over the past three (3) financial years up to the latest audited financial year ended ("**FYE**") 31 January 2020.

2. INTRODUCTION (CONT'D)

Therefore, the Proposed Disposal is deemed as a major disposal pursuant to Paragraphs 10.02 and 10.11A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") and post-Proposed Disposal, the Johan Group may be classified as an Affected Listed Issuer by Bursa Securities pursuant to Paragraph 8.03(A)(2) of the Listing Requirements.

In view that the Proposed Disposal is deemed as a major disposal pursuant to Paragraphs 10.02 and 10.11A of the Listing Requirements, the Board has appointed Qwantum Skylight Capital Sdn Bhd ("**Qwantum**" or "**Independent Adviser**") to act as the independent adviser to advise the Directors and shareholders of Johan as to whether the Proposed Disposal is fair and reasonable so far as the Directors and Shareholders of Johan are concerned, and whether the Proposed Disposal is to the detriment of the shareholders of Johan. For the avoidance of doubt, the Proposed Disposal is not a related party transaction.

The purpose of this IAL is to provide an independent opinion as to whether the Proposed Disposal is fair and reasonable, and whether the Proposed Disposal is detrimental to the interests of the Shareholders of Johan, subject to the scope and limitations of our evaluation specified in **Section 4** of this IAL. The Shareholders should nonetheless rely on their own evaluation of the merits of the Proposed Disposal before making a decision on the course of action to be taken.

YOU ARE ADVISED TO READ BOTH THIS IAL AND THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED IN THIS IAL BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM OF JOHAN HOLDINGS BERHAD.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

The rest of this page is intentionally left blank

3. DETAILS OF THE PROPOSED DISPOSAL

The details of the Proposed Disposal are set out in **Section 2, Part A** of the Circular.

The Proposed Disposal involves the disposal by JIPL of the entire issued and paid-up share capital of DCS and one of its subsidiaries, namely DinersPay Pte Ltd ("**DPPL**"), collectively referred to as the "**Disposal Subsidiaries**" for the Disposal Consideration whilst the remaining subsidiaries of DCS as listed below will be excluded from the Proposed Disposal:

(i) Diners World Travel Pte Ltd ("**DWTS**"); and

(ii) Strategic Usage Sdn Bhd ("**SUSB**") and its subsidiaries comprising:

  (a) Diners Club (Malaysia) Sdn Bhd ("**DCM**");

  (b) Diners World Travel (Malaysia) Sdn Bhd ("**DWTM**"); and

  (c) Lumut Park Resort Sdn Bhd ("**LPR**")

DWTS, SUSB, DCM, DWTM and LPR are collectively referred to as the "**Excluded Assets**".

For information purpose, DCS had entered into an Asset Securitisation Programme ("**ASP**") on 5 September 2019 with DFS Assets Purchase Pte. Ltd. ("**DFSAP**"), which is a special purpose entity involved in the provision of financing arrangement between DCS and institutional lenders with the objective raise funds through the securitization of receivables on behalf of DCS. Although the Group does not hold any equity interest in DFSAP, the Group retains the majority of the residual or ownership risk related to DFSAP on its assets, which are purely DCS's receivables, as its activities are conducted on behalf of the Group according to its specific business requirements. Therefore, the Group is deemed to have control in DFSAP. Pursuant to the Proposed Disposal, DFSAP will no longer be part of the Group and the liabilities attached with it will be deconsolidated from the Group's financial statements. Further details on the ASP and DFSAP are provided in **Section 2, Part A** of the Circular.

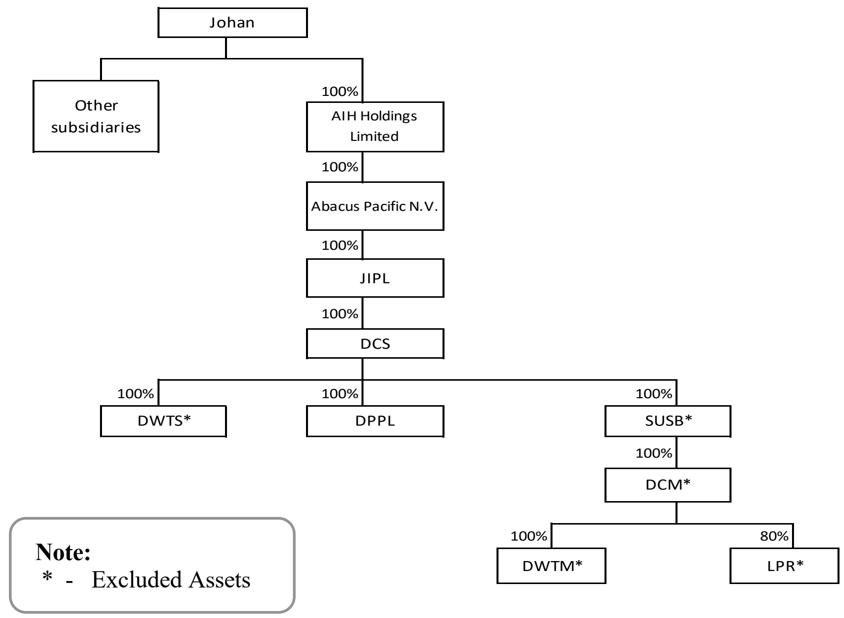
The basis and justification of arriving at the Disposal Consideration is disclosed in **Section 2.4, Part A** of the Circular whilst the mode of settlement of the Disposal Consideration is disclosed in **Section 2.5, Part A** of the Circular.

The rest of this page is intentionally left blank

3. DETAILS OF THE PROPOSED DISPOSAL (CONT'D)

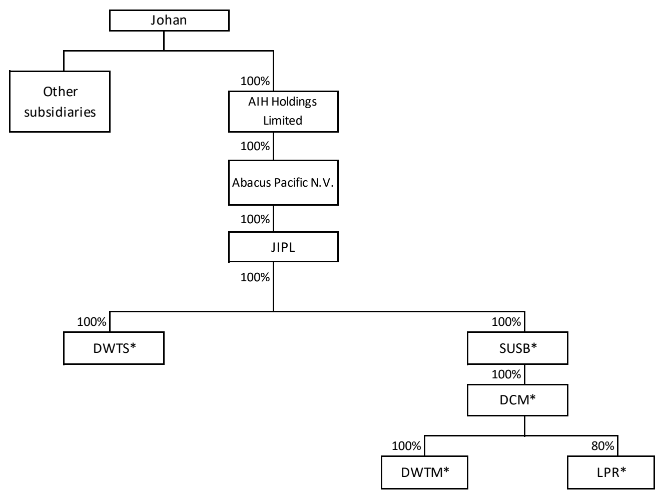
The corporate structures of Johan Group pre-Proposed Disposal and post-Proposed Disposal are depicted in the diagrams below:

Pre-Proposed Disposal



JIPL	:	*Johan Investment Private Limited*	*DCM*	:	*Diners Club (Malaysia) Sdn Bhd*
DCS	:	*Diners Club (Singapore) Private Limited*	*DWTM*	:	*Diners World Travel (Malaysia) Sdn Bhd*
DWTS	:	*Diners World Travel Pte Ltd*	*LPR*	:	*Lumut Park Resort Sdn Bhd*
DPPL	:	*DinersPay Pte. Ltd*	*SUSB*	:	*Strategic Usage Sdn Bhd*

Post-Proposed Disposal



4. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED DISPOSAL

Qwantum was not involved in any formulation or any deliberation and negotiation on the terms and conditions of the Proposed Disposal. The terms of reference of our appointment as the Independent Adviser to the Directors and Shareholders of Johan in relation to the Proposed Disposal are in accordance with the requirements set out in Paragraphs 10.02 and 10.11A of the Listing Requirements and Best Practice Guide in relation to IALs ("**IAL Guide**") issued by Bursa Securities.

Our scope is limited to expressing an independent opinion on the fairness and reasonableness of the Proposed Disposal insofar as the Shareholders of Johan are concerned based on the following information and documents available to us:

(i) the information contained in the Circular and the appendices attached thereto;

(ii) the SSA;

(iii) the audited financial statements and the unaudited management accounts of DCS, DPPL and the Excluded Assets for FYE 31 January 2020 and for the 9-month financial period ended ("**FPE**") 31 October 2020, respectively;

(iv) Discussions with and representations by the Board and/or the management of Johan (the "**Management**");

(v) other relevant information, documents, confirmations and representation furnished to us by the Board and/or Management; and

(vi) other publicly available information.

We have made all reasonable enquiries to the Board and Management and have relied upon the information and documents as mentioned above. Accordingly, Qwantum shall not assume any responsibility or liability whatsoever to any party. We are satisfied that all relevant facts, information and representations necessary for our evaluation of the Proposed Disposal have been disclosed to us and that such information is sufficient, accurate, valid and there is no omission of any material facts, which would make any information provided to us incomplete, misleading or inaccurate.

The Board has seen and approved this IAL. They individually and collectively accept full responsibility for the validity, accuracy and completeness of the information provided to us in order for us to perform our evaluation and arrive at our conclusion. The Board has confirmed to us that all relevant facts and information essential to the evaluation of the Proposed Disposal have been disclosed to us and has accepted full responsibility for the accuracy of the information provided to us. After making all reasonable enquiries and to the best of our knowledge and belief, we are satisfied with the disclosures from the Board and Management and have no reason to believe that any of the information provided is unreliable, incomplete, misleading or inaccurate.

In rendering our advice, we had taken note of pertinent factors, which we believe are necessary and of importance to our assessment of the Proposed Disposal and therefore of general concern to the Shareholders of Johan.

4. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED DISPOSAL (CONT'D)

As such:

(i) the scope of Qwantum's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness and other implications of the Proposed Disposal only. Comments or points of consideration which may be commercially oriented are included for our overall evaluation as we deem it necessary for disclosure purposes to enable the Shareholders of Johan to consider and form their views thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposed Disposal;

(ii) Qwantum's views and recommendation as contained in the IAL only cater to the Shareholders of Johan at large and not to any shareholder individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual shareholder or any specific group of shareholders; and

(iii) we recommend that any individual shareholder or group of shareholders who is in doubt as to the action to be taken or require advice in relation to the Proposed Disposal in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the LPD.

We will notify the Shareholders of Johan if, after the despatch of this IAL, we become aware that the information or document previously circulated or provided:

(i) contains a material statement which is false or misleading;

(ii) a statement from which there is a material omission; or

(iii) does not contain a statement relating to a material development.

Under the above circumstances and if considered necessary, a supplementary IAL will be sent to the Shareholders of Johan.

5. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

We confirm that there is no situation of conflict of interest that exists or is likely to exist in relation to our role as the Independent Adviser in connection to the Proposed Disposal. Other than our current appointment for the Proposed Disposal, we have not advised Johan in the capacity of independent adviser for any corporate exercise within the past two years preceding the LPD.

Qwantum is not aware of any existing conflict of interest or any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of Qwantum's appointment as the Independent Adviser in respect of the Proposed Disposal.

Save for the professional fee Qwantum is entitled to as the Independent Adviser for the Proposed Disposal, Qwantum does not receive or derive any financial interest or benefit from the Proposed Disposal and there is no interest to be derived from Qwantum's appointment as the Independent Adviser to Johan in respect of the Proposed Disposal.

Accordingly, we have given our confirmation to the Company that we are not aware of any conflict of interest which exists or is likely to exist in our capacity as the Independent Adviser in respect of the Proposed Disposal.

Qwantum is an approved corporate finance adviser within the meaning of the Principal Adviser Guidelines issued by the Securities Commission Malaysia. Qwantum was only actively involved in providing advisory services over the last two years and this is the first IAL issued in its capacity as independent adviser. Qwantum's assignments over the last two years included the provision of financial advisory services to the major shareholders of a company in conjunction with the proposed listing of the said company on the LEAP Market of Bursa Securities, the appraisal of the fair value of the equity of certain private companies for the purpose of capital raising proposals, and financial due diligence reviews. Further information on Qwantum is available on our website, www.qwantum.com.my

Notwithstanding, the managing director of Qwantum, Mr Lee King Loon has experience as an independent adviser under his previous employer, where he was the lead person in-charge of a number of independent advisory assignments including:

(a) the provision of independent advice to the shareholders of Mitrajaya Holdings Berhad on the acquisition of 40% equity interest in Samrand Mitrajaya Development (Pty) Ltd for a cash consideration of Rand30,000,000 or approximately RM15.3 million and the proposed acquisition of two pieces of vacant freehold farmland located in Gauteng in the State City of Centurion, South Africa for a total cash consideration of Rand11,400,000 or approximately RM5,841,360. The IAL was issued on 17 April 2001;

5. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE (CONT'D)

(b) the provision of independent advice to the non-interested directors and non-interested shareholders of Lion Corporation Berhad ("**LCB**") in connection with the related party transactions undertaken by LCB pursuant to LCB Group's proposed corporate and debt restructuring exercises comprising: (i) the proposed acquisition of 40% equity interest in Megasteel Sdn Bhd for a purchase consideration of RM1,007.92 million; (ii) the proposed acquisition of 50.45% equity interest in Lion Land Berhad ("**LLB**") for a total purchase consideration of RM260.47 million; (iii) the proposed acquisition of 419.26 million shares in Amsteel Corporation Berhad ("**ACB**") for a total purchase consideration of RM419.26 million; (iv) proposed divestment of 6.35% equity interest in Silverstone Berhad for a total consideration of RM16.24 million; and (v) proposed divestment of 13.5% equity interest in Hiap Joo Chong Realty Sdn Bhd for a total consideration of RM1.82 million, to be satisfied by various transactions including upfront cash payment, issuance of LCB "B" Bonds with detachable new LCB Shares, issuance of new LCB Shares, exchange of shares in certain public-listed companies, and set-off of inter-company balances; and (vi) proposed settlement of inter-company balances of LCB, ACB, LLB and Angkasa Marketing Berhad. The IAL was issued on 17 January 2003;

(c) the provision of independent advice to the non-interested directors and non-interested shareholders of Berjaya Media Corporation Berhad (formerly known as Nexnews Berhad ("**Nexnews**")) on the related party transactions to be undertaken by Nexnews comprising: (i) the acquisition of the entire equity interest in Sun Media Corporation Sdn Bhd for a total consideration of RM40,000,000; (ii) the proposed full and final settlement by Nexnews of indebtedness due and owing; and (iii) the proposed acquisition of 70% of the equity interest in The Edge Communications Sdn Bhd for a total consideration of RM14,000,000 satisfied by the issuance of 14,000,000 new irredeemable convertible preference shares ("**ICPS**") in Nexnews; and the provision of independent advice to the non-interested shareholders of Nexnews in connection with the proposed exemption to Net Edge Online Sdn Bhd and parties acting in concert with it from the obligation to extend a mandatory offer for all the remaining Nexnews Shares and ICPS not already held by them upon completion of the rights issue; and the proposed exemption to Tan Sri Dato' Seri Tan Chee Yioun from the obligation to extend a mandatory offer for all the remaining Nexnews Shares not already held by him upon completion of the rights issue. The IAL was issued on 17 June 2003; and

(d) the provision of independent advice to the shareholders DutaLand Berhad (formerly known as Mycom Berhad ("**Mycom**")) on the transactions undertaken by Mycom pursuant to and forming part of its debt and corporate restructuring scheme comprising: (i) the settlement of the trade and other creditors of certain subsidiaries amounting to RM65.8 million; (ii) the proposed inter-company settlement of net amount owing by Mycom to Olympia Industries Berhad ("**OIB**") of RM140.7 million, to be satisfied by various transactions including the issuance of new Mycom Shares, waiver of debts and issuance of Irredeemable Convertible Loan Stocks; and

5. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE (CONT'D)

(d) (Cont'd)

(iii) the transfer of entitlement by Mycom at no cost to its existing shareholders of part of the Mycom Entitlement to subscribe for 9.8 million new ordinary shares of RM1.00 each in OIB ("**OIB Shares**") with 9.8 million detachable free warrants to be issued pursuant to the renounceable rights issue to be undertaken by OIB on the basis of one (1) new ordinary OIB Share with one (1) detachable free warrant for every four (4) existing Mycom Shares held (subsequent to the Proposed Capital Reduction and Proposed Capital Consolidation) at an issue price of RM1.00 per OIB Share. The IAL was issued on 29 September 2003.

Premised on the above, Qwantum is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the Shareholders of Johan in relation to the Proposed Disposal.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

We note from **Section 9, Part A** of the Circular that none of the directors and/or major shareholders of Johan and/or persons connected to them have any interest, whether direct or indirect, in the Proposed Disposal.

The rest of this page is intentionally left blank

7. EVALUATION OF THE PROPOSED DISPOSAL

In arriving at the recommendation in respect of the Proposed Disposal, we have assessed the fairness and reasonableness of the Proposed Disposal in accordance with the relevant provisions of Schedule 2: Part III of the Rules on Take-overs, Mergers and Compulsory Acquisitions.

In our evaluation of the Proposed Disposal, we have considered the following factors:

No.	Items	Sections
Assessment of the fairness of the Proposed Disposal		**Section 8**
(a)	Fair value assessment and comparison of the Disposal Consideration against the aggregate fair value of the equity of the Disposal Subsidiaries	Section 8.1
(b)	Mode of settlement of the Disposal Consideration	Section 8.2
Assessment of the reasonableness of the Proposed Disposal		**Section 9**
(a)	Salient terms of the SSA	Section 9.1
(b)	Rationale for the Proposed Disposal	Section 9.2
(c)	Historical financial performance of DCS and DPPL	Section 9.3
(d)	Precedent Transactions Analysis	Section 9.4
(e)	Effects of the Proposed Disposal	Section 9.5
(f)	(i) Overview prospects of the hospitality and card services business in Singapore; and (ii) Prospects of DCS and DPPL	Section 9.6
(g)	Risk factors in relation to the Proposed Disposal	Section 9.7
(h)	Future plans of Johan Group	Section 9.8
(i)	Alternative bids	Section 9.9

The rest of this page is intentionally left blank

8. ASSESSMENT OF THE FAIRNESS OF THE PROPOSED DISPOSAL

The fairness of the Proposed Disposal will be determined by evaluating the fairness of the Disposal Consideration and the fairness of the mode of settlement of the Disposal Consideration. The Proposed Disposal will be considered fair if the Disposal Consideration and the mode of settlement of the Disposal Consideration are fair.

As disclosed in **Section 2.4, Part A** of the Circular, the Disposal Consideration was agreed upon between the parties to the SSA, on a willing buyer-willing-seller basis, taking into consideration the following:

(i) the original cost of investment in DCS of approximately SGD34.35 million by Johan Group as detailed in **Section 2.7, Part A** of the Circular;

(ii) the consideration for the Excluded Assets of approximately SGD18.86 million ("**Excluded Assets Consideration**"), which was arrived at, based on the aggregate cost of investment (net of impairment loss) recorded in DCS's latest audited financial statements for the FYE 31 January 2020 as set out below:

	SGD'million
Cost of investment in DWTS	1.70
Cost of investment in SUSB [1]	19.73
Provision for impairment loss	(2.57)
Carrying amount of investment in DWTS and SUSB	18.86

Notes:
[1] The amount represents DCS's cost of investment in SUSB only. The amount excludes the cost of investment in the direct and indirect subsidiaries of SUSB, namely DCM, DWTM and LPR as these amounts are accounted for in the financial statements of SUSB.

and

(iii) the estimated outstanding amount of intra group receivables of DCS, particularly the Disposal Subsidiaries only, due and owing from the Excluded Assets and other subsidiaries within the Group as at 31 January 2021 of SGD84.73 million as estimated by the Management ("**Net Receivables Amount**").

8.1 Fair value assessment and comparison of the Disposal Consideration against the aggregate fair value of the equity of the Disposal Subsidiaries

In establishing our opinion on the fairness of the Disposal Consideration, Qwantum had considered various methodologies, which are commonly used for valuation of companies, taking cognizance of the Management's outlook of the business of the Disposal Subsidiaries and risk factors affecting its businesses. As represented by the Management, the Management's outlook on the business of the Disposal Subsidiaries is negative and as such, the Management has not prepared any business plan or financial projections in respect of the Disposal Subsidiaries, as the Management expects the Disposal Subsidiaries to incur losses and generate negative operating cash flows in the foreseeable future.

8. ASSESSMENT OF THE FAIRNESS OF THE PROPOSED DISPOSAL (CONT'D)

8.1 Fair value assessment and comparison of the Disposal Consideration against the aggregate fair value of the equity of the Disposal Subsidiaries (Cont'd)

The assets and liabilities of DFSAP have been reflected in the financial statements of DCS via the inter-company balances between DCS and DFSAP and the operating costs of DFSAP are fully reimbursed by DCS and therefore already recorded in the financial statements of DCS. It is therefore neither necessary nor relevant to evaluate DFSAP on a standalone basis. The arrangement between DCS and DFSAP is such that the proceeds from investor notes issued by DFSAP will be channelled to DCS and recorded as inter-company balances between the two companies. Any new notes issued by DFSAP will directly increase the inter-company amount due to DFSAP in the accounts of DCS, whilst a redemption of the investor notes by DFSAP will directly reduce the amount due to DFSAP in the accounts of DCS. On this basis, the total equity of DFSAP is consistently maintained at SGD2.00 only.

Based on our analysis of the historical financial performance of the Disposal Subsidiaries as set out in **Section 9.3** of this IAL, we noted that DCS and DPPL have incurred net losses over the last three (3) financial years and also for FPE 31 October 2020. In this regard, the maintainable earnings of the Disposal Subsidiaries may not be reliably determined. As such, it is not appropriate to apply the price-earnings multiple methodology in appraising the fair value of the equity of the Disposal Subsidiaries. Premised on the foregoing, the primary valuation methodology considered and selected by Qwantum to evaluate the fair value of the equity interest of the Disposal Subsidiaries is based on the Revalued Net Asset Valuation ("**RNAV**") methodology as it will more accurately reflect the value of the Disposal Subsidiaries based on its underlying assets. RNAV uses the fair value adjustment of the property and other investment coupled with the current net assets of the Disposal Subsidiaries to accurately quantify the net assets of the Disposal Subsidiaries based on the audited financial statements of DCS and DPPL for FYE 31 January 2020 and their unaudited management accounts for FPE 31 October 2020.

Although the properties were not a significant component of the total assets of the Disposal Subsidiaries, the other assets of the Disposal Subsidiaries constitute a significant component of the total assets of the Disposal Subsidiaries, and therefore the RNAV Methodology is relevant and appropriate in appraising the fair value of the equity of the Disposal Subsidiaries.

Qwantum had also considered other valuation methodologies and found that the following methodologies are not suitable in the determination of the fair value of the equity of the Disposal Subsidiaries, and ultimately the fairness of the Disposal Consideration, based on the following factors:

8. ASSESSMENT OF THE FAIRNESS OF THE PROPOSED DISPOSAL (CONT'D)

8.1 Fair value assessment and comparison of the Disposal Consideration against the aggregate fair value of the equity of the Disposal Subsidiaries (Cont'd)

Valuation Methodologies	Remarks
Discounted Free Cash Flow to Equity ("**Discounted FCFE**")	Discounted FCFE is a valuation method which considers both the time value of money and it is based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the equity holders of a company. FCFE is the free cash flows available to be paid to the equity shareholders of the company after all expenses, reinvestment and debt repayment. Given the Management's outlook on the business of the Disposal Subsidiaries is negative, the Management has not prepared any business plan and/or financial projections in respect of the Disposal Subsidiaries as the assumptions and cash flows of the Disposal Subsidiaries may not be reliably projected or determined. Premised on the foregoing, Qwantum is of the view that Discounted FCFE is not suitable in assessing the fairness of the Disposal Consideration.
Relative Valuation Analysis ("**RVA**")	RVA is a valuation methodology whereby it seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. Considering the Disposal Subsidiaries have incurred losses over the last three (3) financial years as discussed in Section 9.3 of this IAL, Qwantum is of the view that the RVA is not a suitable method or basis in assessing the fairness of the Disposal Consideration.
Comparable Transaction Analysis ("**CTA**")	CTA is a valuation methodology whereby it seeks to compare the Disposal Consideration against other recent comparable transactions undertaken by the industry players based on the implied price-earnings ratios of the transactions. Considering the Disposal Subsidiaries have incurred losses over the last three (3) financial years as discussed in **Section 9.3** of this IAL, Qwantum is of the view that CTA is not suitable in assessing the fairness of the Disposal Consideration.

<u>RNAV</u>

The RNAV Methodology seeks to adjust the net assets ("**NA**") of a company to take into consideration the revaluation of the assets of a company. It is computed in the following manner:

RNAV = Current NA value – contingent liabilities + net revaluation of its assets

The RNAV is also adjusted to take into consideration the necessary adjustment for the repayment of inter-company debt, payment of dividends and other investments to reflect the fair market value of the Disposal Subsidiaries. Computation of the RNAV is as follows:

8. ASSESSMENT OF THE FAIRNESS OF THE PROPOSED DISPOSAL (CONT'D)

8.1 Fair value assessment and comparison of the Disposal Consideration against the aggregate fair value of the equity of the Disposal Subsidiaries (Cont'd)

As at 31 January 2020

Table A

	DCS SGD'000	DPPL SGD'000	Proforma Consolidation Adjustments SGD'000	Proforma Consolidated Balances SGD'000
Total assets as at 31 Jan 2020	326,086 [1]	4,243 [1]	(3,816) [2]	326,513
Total liabilities as at 31 Jan 2020	(286,720) [1]	(3,907) [1]	3,456 [3]	(287,171)
Adjustments for contingent liabilities	- [4]	- [4]	-	-
RNAV as at 31 Jan 2020	39,366	336	(360)	39,342

Notes:

[1] Based on the audited financial statements of DCS and DPPL respectively, for the FYE 31 January 2020, wherein ***the properties of DCS have been stated at valuation*** *as elaborated in Section 8.1.1 below.*

[2] The proforma consolidation adjustment comprises the elimination of DCS's cost of investment in DPPL (net of provision for impairment loss) of approximately SGD360,000 and the proforma elimination of the amount owing by DPPL (included in the total assets of DCS) of approximately SGD3,455,700 as at 31 January 2020.

[3] The proforma consolidation adjustment comprises the elimination of amount owing to DCS (included in the total liabilities of DPPL) of approximately SGD3,455,700 as at 31 January 2020.

[4] Based on the audited financial statements of DCS and DPPL for FYE 31 January 2020 and as represented by the Management, DCS and DPPL do not have any material contingent liabilities as of LPD.

As at 31 October 2020

Table B

	DCS SGD'000	DPPL SGD'000	Consolidation Adjustments SGD'000	Proforma Consolidated SGD'000
Total assets as at 31 October 2020	348,780 [1]	1,295 [1]	(1,482) [2]	348,593
Total liabilities as at 31 October 2020	(311,463) [1]	(1,278) [1]	1,122 [3]	(311,619)
Adjustments for contingent liabilities	- [4]	- [4]	-	-
RNAV as at 31 October 2020	37,317	17	(360)	36,974

Notes:

[1] Based on the unaudited management accounts of DCS and DPPL respectively, for the FPE 31 October 2020, ***wherein the properties of DCS have been stated at valuation*** *as elaborated Section 8.1.1 below.*

8. ASSESSMENT OF THE FAIRNESS OF THE PROPOSED DISPOSAL (CONT'D)

8.1 Fair value assessment and comparison of the Disposal Consideration against the aggregate fair value of the equity of the Disposal Subsidiaries (Cont'd)

[2] The proforma consolidation adjustment comprises the elimination of DCS's cost of investment in DPPL of approximately SGD360,000 (net of provision for impairment loss) and the proforma elimination of the amount owing by DPPL (included in the total assets of DCS) approximately SGD1,121,500 as at 31 October 2020.

[3] The proforma consolidation adjustment comprises the elimination of amount owing to DCS (included in the total liabilities of DPPL) of approximately SGD1,121,500 as at 31 October 2020.

[4] As represented by the Management, DCS and DPPL do not have any material contingent liabilities as of LPD.

8.1.1 As disclosed in the audited financial statements of DCS for FYE 31 January 2020, included in total assets of DCS are leasehold office units land investment property stated at revalued amounts as at 31 January 2020 of SGD23,750,000 and SGD4,750,000 respectively. The leasehold office units and investment property have been combined in the valuation report issued by the independent valuers dated 14 February 2020, and the brief details are as follows:

Description of property	Address	Floor area	Valuation as at 31 January 2020 (SGD)
Office units, leasehold 99 years commencing 3 September 1968	7500E Beach Road #02-201 to #02-207 #03-201 to #03-207 #04-201 to #04-207 The Plaza Singapore 199595	1,554.0 sq m (or 16,727 sq ft)	28,500,000

As represented by the Management, there is no material fluctuation to the abovementioned revalued amounts of the leasehold office units and investment property as at LPD. Qwantum had also performed an independent search on a prominent property listings website and noted that the weighted average current quoted prices (per square foot) approximate the deduced value (per square foot) of DCS's properties.

<u>Qwantum's comments</u>

Based on the above, the Disposal Consideration of SGD103.59 million (approximately RM313.98 million [(1)]) represents a premium of approximately SGD64.24 million or approximately 163% to the proforma consolidated RNAV of the Disposal Subsidiaries of SGD39.34 million (approximately RM119.25 million [(1)]) as at 31 January 2020 and a premium of approximately SGD66.61 million or approximately 180% to the proforma consolidated RNAV of the Disposal Subsidiaries of SGD36.97 million (approximately RM112.06 million [(1)]) as at 31 October 2020.

8. ASSESSMENT OF THE FAIRNESS OF THE PROPOSED DISPOSAL (CONT'D)

8.1 Fair value assessment and comparison of the Disposal Consideration against the aggregate fair value of the equity of the Disposal Subsidiaries (Cont'd)

<u>Qwantum's comments</u> (Cont'd)

January 2020 and taking into account the estimated expenses for the Proposed Disposal and the goodwill allocation to DCS recorded as of 31 January 2020, Johan Group will recognise a proforma gain of SGD62.12 million (equivalent to approximately RM190.17 million[(1)]). Premised on the aforesaid proforma gain and coupled with the fact that the Disposal Subsidiaries have been recording losses over the last three (3) financial years and the latest FPE 31 October 2020, the Disposal Consideration is **fair and not detrimental** to the interests of the Shareholders of Johan.

Note:

(1) The amount in RM is stated based on the exchange rate of SGD1.00 to RM3.0311, being Bank Negara Malaysia's prevailing middle rate as at 5.00 pm on 11 December 2020 as adopted in the Company's announcement dated 24 December 2020 in respect of the Proposed Disposal.

8.2 Mode of settlement of the Disposal Consideration

As disclosed in **Sections 2** and **2.5, Part A** of the Circular, the Disposal Consideration shall be offset against the following:

(i) the Excluded Assets Consideration of approximately SGD18.86 million; and

(ii) the Net Receivables Amount of approximately SGD84.73 million.

Qwantum's view is as follows:

(a) Pursuant to the Proposed Disposal, the direct equity interest of DCS in DWTS and SUSB (which includes SUSB's direct and indirect equity interest in its subsidiaries, namely DCM, DWTM and LPR) will be transferred to JIPL. The transfer of the equity interest in the Excluded Assets from DCS to JIPL based on the Excluded Assets Consideration will not give rise to any material gain or loss to the Group as the Excluded Assets Consideration approximates the Group's historical cost of investment in the Excluded Assets. Historically, the Group had already consolidated the net assets of these Excluded Assets as subsidiaries of the Group. Furthermore, even if JIPL does not dispose of its equity interest in DCS, the Group will continue to consolidate the net assets and future financial results of the Excluded Assets as its subsidiaries. In addition, if the Disposal Consideration is not offset against the Excluded Assets Consideration, Johan Group will have a financial obligation to pay the Excluded Assets Consideration. Therefore, the part settlement of the Disposal Consideration via the offset against the Excluded Assets Consideration is **fair and reasonable**; and

8. ASSESSMENT OF THE FAIRNESS OF THE PROPOSED DISPOSAL (CONT'D)

8.2 Mode of settlement of the Disposal Consideration (Cont'd)

(b) The settlement of part of the Disposal Consideration via the offset against the Net Receivables Amount will result in Johan Group being discharged of all obligations to pay the outstanding amounts owing by Johan Group (via the Excluded Assets and other subsidiaries within the Group) to DCS. In addition, if the Disposal Consideration is not offset against the Net Receivables Amount, Johan Group will have a financial obligation to pay the Net Receivables Amount to DCS. Therefore, the part settlement of the Disposal Consideration via the offset against the Net Receivables Amount is **fair and reasonable.**

Premised on the above, Qwantum is of the view that the mode of settlement of the Disposal Consideration is **fair and reasonable**.

The rest of this page is intentionally left blank

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL

In considering whether the Proposed Disposal is reasonable, we have examined other significant factors to which the shareholders of Johan may consider prior to accepting or rejecting the Proposed Disposal. The criteria in determining the reasonableness of the Proposed Disposal are as set out in the preceding **Section 7** of this IAL.

9.1 Salient terms of the SSA

Our comments on the salient terms of the SSA as extracted from **Appendix II, Part A** of the Circular are as follows:

Salient terms of the SSA	Qwantum's comments
1. Agreement for sale	
On and subject to the terms of this SSA, the Vendor agrees to sell, and the Purchaser agrees to purchase, the Sale Shares free from all encumbrances and together with all rights and advantages attaching to them as at the closing date.	The clause is typical to transactions of such nature and is therefore reasonable.
The consideration for the purchase of the Sale Shares under this SSA shall be an amount equal to the sum of SGD103,586,103, which shall be satisfied on the closing date in the following manner:	This clause sets out the Disposal Consideration of the Sale Shares and the mode of settlement of the Disposal Consideration.
(i) by the novation of the Vendor's obligation to pay the Excluded Assets Consideration from the Vendor to the Purchaser on the closing date; and	(i) As discussed in **Section 8.2** of this IAL, Qwantum is of the view that the novation (to the Purchaser) of the Vendor's obligation to pay the Excluded Assets Consideration is fair and reasonable. Therefore, this clause is reasonable.
(ii) by the novation of the Excluded Assets and the JIPL affiliates companies' obligation to pay the Net Receivables Amount from the Excluded Assets and the JIPL Affiliates to the Purchaser on the closing date.	(ii) As discussed in **Section 8.2** of this IAL, Qwantum is of the view that the novation (to the Purchaser) of the Vendor's obligation to pay the Net Receivables Amount (owing by the Excluded Assets and JIPL Affiliates to DCS) is fair and reasonable. Therefore, this clause is reasonable.

The rest of this page is intentionally left blank

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.1 Salient terms of the SSA (Cont'd)

Salient terms of the SSA	Qwantum's comments
2. Conditions precedent *The agreement to sell and purchase the Shares contained in Clause is conditional upon satisfaction or waiver (as the case may be) of the following conditions, or their satisfaction subject only to Closing:* *(a) bank statement of Genesis showing that Genesis is in possession of funds of at least SGD15,000,000 in cash as at the closing date having been provided to the Vendor, certified as a true copy by a director or secretary of Candypay and in a form reasonably satisfactory to the Vendor in its discretion;*	Although the mode of settlement of the Disposal Consideration does not involve any payment of cash by the Purchaser to the Vendor, the said requirement for Genesis to demonstrate to the Vendor that it (Genesis) is of sound financial standing is reasonable. Therefore, this clause is reasonable.
(b) evidence of completion of the EZYNet Share Acquisition[1] having been provided to the Vendor certified true copy by a director or secretary of Candypay and in a form reasonably satisfactory to the Vendor in its discretion. *Note:* *(1) Defined in the SSA*	Given that the acquisition by Candypay and/or Genesis of a further 20 per cent of the issued shares in the capital of the Purchaser in aggregate is stipulated as one of the terms of the SSA, the requirement to provide evidence of completion of the EZYNet Share Acquisition is reasonable.
(c) the delivery to the Purchaser of a letter from a director of the Vendor confirming that the amounts in relation to the Net Receivables Amount and the Excluded Assets Consideration as set out in Schedule 6 of the SSA are accurate.	Given that the mode of settlement of the Disposal Consideration comprises the set off of the Disposal Consideration against the Excluded Assets Consideration and Net Receivables Amount, this clause is reasonable.
(d) the passing at a general meeting of Johan Holdings Berhad of a resolution to approve the Proposed Disposal;	Shareholders' approval is required to be in compliance with the Listing Requirements.
*(e) the obtaining of (i) approval by Diners Club International Ltd. ("**DCI**"), and (ii) waiver by DCI of its right of first refusal under the network participation agreement dated 16 July 2019 between DCI and the Vendor, in each case in respect of the Proposed Disposal;*	In respect of any proposed change of shareholders of DCS, the approval of DCI and waiver by DCI of its first right of refusal is required pursuant to the network participation agreement dated 16 July 2019 between DCI and the Vendor. In this regard, this clause is reasonable.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.1 Salient terms of the SSA (Cont'd)

Salient terms of the SSA	Qwantum's comments
(f) the obtaining of approval from the Monetary Authority of Singapore in respect of the Purchaser and any other person becoming a 20% Controller of the Company pursuant to Section 57FD(1) of the Banking Act, Chapter 19 of Singapore;	As the Proposed Disposal will give rise to the Purchaser becoming the sole controlling shareholder of DCS, owning 100% of the issued and paid-up share capital of DCS, the Purchaser is required to obtain the approval of the Monetary Authority of Singapore. This clause is therefore, reasonable.
(g) the obtaining of approval by:-	
a. DBS Bank Ltd., United Overseas Bank Limited and Seatown Lionfish Pte Ltd pursuant to DFS Asset Purchase Company Pte. Ltd. – 2019 Renewal Deed dated 5 September 2019 between DCS, DFS Asset Purchase Company Pte. Ltd., DBS Bank Ltd., United Overseas Bank Limited, Seatown Lionfish Pte. Ltd., Intertrust Singapore Corporate Services Pte. Ltd., DBS Trustee Limited and Yeo-Leong & Peh LLC (the "Securitization Program"); and	DCS is required to comply with its subsisting agreements with DBS Bank Limited, United Overseas Bank Limited and Seatown Lionfish Pte Ltd in relation to the Asset Securitization Program ("**ASP**") of DCS. The aforesaid parties are holders of the majority of the value, in aggregate, of the investor certificates issued pursuant to the ASP. Therefore, this clause is reasonable.
b. by Malayan Banking Berhad pursuant to the letter of offer dated 14 February 2017 from Malayan Banking Berhad to DCS (the "Maybank Facility"), in each case in respect of the Proposed Disposal.	DCS is required to comply with its subsisting facility agreement with Malayan Banking Berhad in relation to credit facilities granted to DCS. Therefore, this clause is reasonable.
3. Events on Completion *Subject to the conditions precedent being fulfilled, the Closing shall take place at 3.00 pm (Singapore time) on 29 January 2021 or if any condition is not satisfied or waived on or before 29 January 2021 or if the closing is deferred, as at such other date as may be notified in writing by the Vendor to the Purchaser ("**Closing Date**"), at the registered office of DCS on the Closing Date or on the 7th business day after the date of notification of the satisfaction or waiver of the last of the conditions precedent, whichever is earlier, (or at such other location, time or date as may be agreed in writing between the Purchaser and the Vendor).* *On the Closing Date, the Purchaser shall pay the Disposal Consideration to the Vendor in accordance with Clause 3 of the SSA.*	As the mode of settlement of the Disposal Consideration does not involve the payment of cash, it is reasonable to settle the Disposal Consideration in accordance with the mode of settlement as described in Clauses 1(i) and 1(ii) above on the Closing Date.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.1 Salient terms of the SSA (Cont'd)

Salient terms of the SSA	Qwantum's comments
4. Default / Termination If the Vendor or the Purchaser fails to comply with any material obligation as set out in the SSA, the Purchaser, in the case of non-compliance by the Vendor, or the Vendor, in the case of non-compliance by the Purchaser, shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages) by written notice to the other: (a) to terminate this SSA without liability on its part; or (b) to effect the Closing Date so far as practicable having regard to the defaults which have occurred; or (c) to fix a new date for Closing Date (being not more than 21 days after the date set for Closing) in which case the provisions of Completion clauses as set out in item (iii) of Appendix II of this Circular, shall apply to the Closing Date as so deferred but provided such deferral may only occur once.	This clause provides various options of recourse to the Vendor and the Purchaser in the event the defaulting party fails to comply with any material obligation stipulated in the SSA. The options of recourse to the non-defaulting party are typical to agreements of such nature and this clause is therefore reasonable.

Premised on the above evaluation of the salient terms of the SSA, Qwantum is of the view that the terms of the SSA are **reasonable and not detrimental** to the interests of the Shareholders of Johan.

9.2 Rationale for the Proposed Disposal

As stated in **Section 3, Part A** of the Circular, the rationale of the Proposed Disposal is to divest Johan's loss-making subsidiaries. As set out in **Sections 2** and **2.1, Part A** of the Circular, despite that the Disposal Subsidiaries had contributed substantially to the Group's revenue, the Disposal Subsidiaries had recorded net loss for the past three (3) financial years under review.

DCS is principally involved in the provision of charge card and credit card services under the Diners Club cards franchise, the card of which, is a payment alternative for corporations, retailers, individuals for dining and services package, and very much affected by the consumer and retail activities. DPPL on the other hand, is principally involved in payment processing, payment gateway and merchant acquiring services. Due to the increasing competition in the hospitality and payment gateway businesses and considering that DCS's charge card and credit card services is a standalone charge card business, as well as the Disposal Subsidiaries' net losses over the past three (3) financial years under review, the Group had recorded consolidated net losses over the latest financial years under review.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.2 Rationale for the Proposed Disposal (Cont'd)

The Board considers the Proposed Disposal as timely given that the past net losses incurred by the Disposal Subsidiaries and the current economic condition that poses challenges to the Disposal Subsidiaries' business. The completion of the Proposed Disposal at the Disposal Consideration will result in the deconsolidation of the Disposal Subsidiaries, including derecognising the liabilities from the Disposal Subsidiaries and DFSAP under the Asset Securitisation Programme, giving rise to a pro forma gain of approximately SGD62.12 million (equivalent to approximately RM190.17 million) recorded on Johan Group's consolidated financial statements, thereby improving the financial position of the Group.

As set out in **Section 2.4**, **Part A** of the Circular, the Purchaser is interested only in the card business and payment gateway business but not the Excluded Assets' business activities, which are in the ticketing and tour management solutions provider. Therefore, the Excluded Assets will be retained by Johan Group and the Board together with the management of Johan Group will review the business and operations of these Excluded Assets as they deem fit, for the purposes of improving the performance and efficiency of the business operations, and may explore potential opportunities, which include, but are not limited to, strategic investment and acquisition, reorganisation and/or integration of the businesses of these Excluded Assets, as the Board and the Management consider suitable, in accordance with the future direction of Johan Group. As at the LPD, the Board and the Management do not have any concrete plan and/or have not entered into any arrangement, negotiation and/ or understanding whatsoever with any party in respect of these Excluded Assets.

In evaluating the above rationale for the Proposed Disposal, we have considered the following:

(i) the historical financial performance of DCS and DPPL as discussed in **Section 9.3** of this IAL; and

(ii) the overview and prospects of the hospitality and card services business in Singapore and the prospects of DCS and DPPL as discussed in **Section 9.6** of this IAL.

Based on the historical financial performance of DCS and DPPL as set out in **Section 9.3** of this IAL, we noted the declining revenues of DCS over the last three (3) financial years.

In evaluating the reasonableness of the rationale for the Proposed Disposal, we considered the net losses incurred by DCS over the last three (3) financial years and for FPE 31 October 2020, the negative prospects of the hospitality and card services business in Singapore, and the management's negative outlook on the business of DCS and DPPL as discussed in **Section 9.6** of this IAL. In addition, we are of the view that upon completion of the Proposed Disposal, the Group will have an opportunity to improve its financial performance because it will no longer consolidate the liabilities and expected losses of DCS and DPPL moving forward.

Premised on the above, Qwantum is of the view that the rationale for the Proposed Disposal is **reasonable and not detrimental** to the interests of the Shareholders of Johan.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.3 Historical financial performance of DCS and DPPL

The historical financial performance of DCS and DPPL are set out in Tables 1 to 4 below. It is not relevant to present the historical financial performance of DFSAP as the operating costs of DFSAP are fully reimbursed by DCS and therefore already recorded in the financial statements of DCS. Furthermore, the assets and liabilities of DFSAP have been reflected in the financial statements of DCS via the inter-company balances between DCS and DFSAP.

The rest of this page is intentionally left blank

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.3 Historical financial performance of DCS and DPPL (Cont'd)

(i) Statements of financial position of DCS

Table 1

	Audited			Unaudited
	As at 31 January			As at
	2018	2019	2020	31 October 2020
ASSETS	SGD'000	SGD'000	SGD'000	SGD'000
Current assets				
Cash and bank balances	1,587	2,914	1,801	3,493
Trade receivables	170,810	171,333	176,989	157,293
Other receivables	675	3,035	1,715	1,176
Prepayments	1,190	1,405	1,076	1,237
Amount due from related companies	88,600	90,329	94,314	136,139
Inventories	240	247	291	256
Total current assets	263,102	269,263	276,186	299,594
Non-current assets				
Property, plant and equipment	24,013	24,450	24,108	23,876
Right-of-use-assets	-	-	848	400
Investment property	4,650	4,750	4,750	4,750
Computer software	2,259	1,345	813	779
Investment in subsidiaries	22,090	19,381	19,381	19,381
Total non-current assets	53,012	49,926	49,900	49,186
Total assets	**316,114**	**319,189**	**326,086**	**348,780**
LIABILITIES AND EQUITY				
Current liabilities				
Loans and borrowings	27,211	33,253	6,467	17,381
Trade payables	77,747	70,839	96,915	91,889
Other payables	4,881	5,299	10,636	12,349
Finance lease obligations and lease liabilities	299	33	333	116
Provision for reward points	1,008	702	373	313
Amount due to related companies	52,205	62,051	69,069	86,273
Provision for income tax	1,500	756	151	-
Total current liabilities	164,851	172,933	183,944	208,321
Non-current liabilities				
Amount due to related companies	99,672	100,000	99,163	99,559
Deferred tax liabilities	4,506	4,031	3,515	3,515
Finance lease obligations and lease liabilities	33	-	98	68
Total non-current liabilities	104,211	104,031	102,776	103,142
Equity				
Share capital	4,704	4,704	4,704	4,704
Reserves	42,348	37,521	34,662	32,613
Total equity	47,052	42,225	39,366	37,317
Total liabilities and equity	**316,114**	**319,189**	**326,086**	**348,780**

Source: Audited financial statements of DCS for the FYE 31 January 2018, 2019, 2020 and unaudited management accounts for the FPE 31 October 2020

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.3 Historical financial performance of DCS and DPPL (Cont'd)

(ii) Summarised financial results of DCS

Table 2

	Audited			Unaudited
	FYE 31 January			9-months ended
	2018	2019	2020	31 October 2020
	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	34,188	29,979	26,516	16,168
Interest income	3,799	3,799	4,751	2,812
Other operating income	2,267	1,272	2,175	1,288
Total income	40,254	35,050	33,442	20,268
Expenses before amortization and finance costs	(27,631)	(26,303)	(25,305)	(14,159)
Earnings before interest, taxes and amortization	12,623	8,747	8,137	6,109
Amortisation, depreciation and non-recurring expenses	(1,850)	(4,431)	(1,592)	(1,076)
Finance costs	(11,127)	(11,464)	(11,601)	(7,082)
Loss before tax	(354)	(7,148)	(5,056)	(2,049)
Income tax (expense)/ credit	(354)	1,311	1,786	-
Loss for the year	(708)	(5,837)	(3,270)	(2,049)

Source: Audited financial statements of DCS for the FYE 31 January 2018, 2019, 2020 and unaudited management accounts for the FPE 31 October 2020

Based on our review of the information on DCS as set out in **Appendix I(A), Part A** of the Circular and also discussions with the Board and Management, our understanding of the historical financial performance of DCS is summarised below:

<u>FYE 31 January 2019</u>

The revenue of DCS decreased by SGD4.21 million or approximately 12.3% from SGD34.19 million for the preceding financial year to SGD29.98 million for the financial year under review, mainly due to more stringent regulations on unsecured consumers' exposure, leading to a reduction in cards receivables base which in turn resulted in a reduction in membership renewal fees and service charge income. DCS also recorded an impairment loss on investment in subsidiaries of SGD2.71 million (comprising impairment loss on investment in SUSB and DPPL of SGD2.57 million and SGD0.14 million respectively). Consequently, the LBT of DCS increased from SGD0.35 million for the preceding financial year to SGD7.15 million for the financial year under review, whilst LAT increased from SGD0.71 million for the preceding financial year to SGD5.84 million for the financial year under review.

The NA of DCS as at 31 January 2019 of SGD42.22 million was lower as compared to its NA as at 31 January 2018 of SGD47.05 million, mainly due to the net loss of SGD5.84 million recorded during the financial year under review, mitigated by the recognition of other comprehensive income of SGD1.01 million arising from the revaluation of buildings.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.3 Historical financial performance of DCS and DPPL (Cont'd)

(ii) Summarised financial results of DCS (Cont'd)

The total borrowings of DCS as at 31 January 2019 of SGD196.04 million was higher as compared to its total borrowings of SGD180.43 million as at 31 January 2018 mainly due to additional investor certificates issued under the ASP. This had increased the gearing ratio from 3.83 times as at 31 January 2018 to 4.64 times as at 31 January 2019.

No dividend was declared or paid during the FYE 31 January 2019.

FYE 31 January 2020

The revenue of DCS decreased by SGD3.46 million or approximately 11.5% from SGD29.98 million for the preceding financial year to SGD26.52 million for the financial year under review, mainly due to reasons as elaborated under the commentary on the financial performance of DCS for the FYE 31 January 2019. In spite of the decrease in revenue, DCS recorded a lower LBT of SGD5.06 million for the financial year under review as compared to a LBT of SGD7.15 million for the preceding financial year mainly due to the reversal of credit loss allowance of SGD1.60 million in accordance with Financial Reporting Standard (FRS) 109 on credit loss allowance, which had the effect of reducing the LBT of DCS. In tandem with the decrease in LBT, the LAT of DCS decreased from SGD5.84 million for the preceding financial year to SGD3.27 million for the financial year under review.

The NA of DCS as at 31 January 2020 of SGD39.37 million was lower as compared to its NA of SGD42.22 million as at 31 January 2019, mainly due to the net loss of SGD3.27 million recorded during the financial year under review, mitigated by the recognition of other comprehensive income of SGD0.41 million arising from the revaluation of buildings.

The total borrowings of DCS as at 31 January 2020 of SGD175.50 million was lower as compared to its total borrowings of SGD196.04 million as at 31 January 2019 mainly due to the mainly due to the repayment of term loans and bank borrowings of SGD26.79 million during the financial year under review. This had decreased the gearing ratio from 4.64 times as at 31 January 2019 to 4.46 times as at 31 January 2020.

No dividend was declared or paid during the FYE 31 January 2020.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.3 Historical financial performance of DCS and DPPL (Cont'd)

(ii) Summarised financial results of DCS (Cont'd)

9-month financial period ended ("FPE") 31 October 2020

The revenue of DCS decreased by SGD4.16million or approximately 20.5% from SGD20.33 million for the preceding corresponding financial period to SGD16.17 million for the financial period under review, mainly due to cross border travel restrictions and the imposition of circuit breaker/ lock down policies as a result of the Covid-19 pandemic. In spite of the decrease in revenue, DCS recorded a lower LBT and LAT of SGD2.05 million for the financial period under review as compared to a LBT and LAT of SGD5.18 million for the preceding corresponding financial period, attributable to a number of factors including a reduction in the rental cost of electronic data capture (EDC) machine by SGD0.7 million and grants of SGD2.10 million received under the Job Support Scheme initiated by the Singapore Government as a relief measure to counter the counter the adverse economic impact of Covid-19.

The NA of DCS as at 31 October 2020 of SGD37.32 million was lower as compared to its NA of SGD39.37 million as at 31 January 2020, mainly due to the net loss of SGD2.05 million recorded during the financial period under review.

The total borrowings of DCS as at 31 October 2020 of SGD203.64 million was higher as compared to its total borrowings of SGD175.40 million as at 31 January 2020 mainly due to the increase in term loans to meet the operational requirements of DCS. This had increased the gearing ratio from 4.46 times as at 31 January 2020 to 5.46 times as at 31 October 2020.

No dividend was declared or paid during the FPE 31 October 2020.

The number of subscribers to the charge cards and credit cards issued by DCS is tabulated below:

	As at 31 January			As at 31 October 2020
	2018	**2019**	**2020**	**2020**
Number of charge card subscribers	10,000	9,571	9,035	8,382
Number of credit card subscribers	262,428	258,752	290,693	259,900
Total	272,428	268,323	299,728	268,282

Source: Management of DCS

The above statistics indicate a declining trend in the number subscribers (notwithstanding the temporary increase in the number of cards issued as of 31 January 2020) to the charge cards and credit cards issued by DCS, which further justifies the declining trend of its revenues.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.3 Historical financial performance of DCS and DPPL (Cont'd)

(iii) Statements of financial position of DPPL

Table 3

	Audited			Unaudited
	As at 31 January			As at
	2018	2019	2020	31 October 2020
	SGD'000	SGD'000	SGD'000	SGD'000
ASSETS				
Current assets				
Cash and bank balances	529	720	3,665	908
Trade and other receivables	27	560	254	79
Total current assets	556	1,280	3,919	987
Non-current assets				
Amount due from related company	202	202	202	202
Computer software	-	55	122	106
Total non-current assets	202	257	324	308
Total assets	**758**	**1,537**	**4,243**	**1,295**
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	43	607	447	156
Amount due to related companies	59	406	3,456	1,118
Provision for taxation	-	4	4	4
Total current liabilities	102	1,017	3,907	1,278
Equity				
Share capital	500	500	500	500
Accumulated (losses)/ Reserves	156	20	(164)	(483)
Total equity	656	520	336	17
Total liabilities and equity	**758**	**1,537**	**4,243**	**1,295**

Source: Audited financial statements of DPPL for the FYE 31 January 2018, 2019, 2020 and unaudited management accounts for the FPE 31 October 2020

The rest of this page is intentionally left blank

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.3 Historical financial performance of DCS and DPPL (Cont'd)

(iv) Summarised financial results of DPPL

Table 4

	Audited			Unaudited
	FYE 31 January			9-months ended 31 October 2020
	2018	2019	2020	
	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	1	273	519	67
Administrative expenses	(12)	(417)	(703)	(385)
Loss before tax	(11)	(144)	(184)	(318)
Income tax	(12)	8	-	-
Loss for the year	(23)	(136)	(184)	(318)

Source: Audited financial statements of DPPL for the FYE 31 January 2018, 2019, 2020 and unaudited management accounts for the FPE 31 October 2020

Based on our review of the information on DPPL as set out in **Appendix I(B), Part A** of the Circular and also discussions with the Management, our understanding of the historical financial performance of DPPL is summarised below:

<u>FYE 31 January 2019</u>

The revenue of DPPL increased by SGD0.26 million or more than 100% from SGD0.01 million for the preceding financial year to SGD0.27 million for the financial year under review, mainly due to higher number of local consumption / spending transaction by cardholders registered under the Alipay application pursuant to the partnership between DPPL and Alipay. In spite of the increase in revenue, DPPL recorded a higher LBT and LAT of SGD0.14 million for the financial year under review as compared to a LBT and LAT of SGD0.02 million for the preceding financial year mainly due to higher administrative expenses, in particular the expenses relating to the set-up of EDC infrastructure with Alipay.

The NA of DPPL as at 31 January 2019 of SGD0.52 million was lower as compared to its NA as at 31 January 2018 of SGD0.66 million, mainly due to the net loss of SGD0.14 million recorded during the financial year under review.

No dividend was declared or paid during the FYE 31 January 2019.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.3 Historical financial performance of DCS and DPPL (Cont'd)

(iv) Summarised financial results of DPPL (Cont'd)

FYE 31 January 2020

The revenue of DPPL increased by SGD0.25 million or approximately 90.1% from SGD0.27 million for the preceding financial year to SGD0.52 million for the financial year under review, mainly due to higher number of local consumption / spending transaction by cardholders registered under the Alipay and WeChat applications. In spite of the increase in revenue, DPPL recorded a higher LBT and LAT of SGD0.18 million for the financial year under review as compared to a LBT and LAT of SGD0.14 million for the preceding financial year mainly due to higher administrative expenses, in particular the expenses relating to the set-up of EDC and QR Code infrastructure.

The NA of DPPL as at 31 January 2020 of SGD0.34 million was lower as compared to its NA as at 31 January 2019 of SGD0.52 million, mainly due to the net loss of SGD0.18 million recorded during the financial year under review.

No dividend was declared or paid during the FYE 31 January 2020.

FPE 31 October 2020

The revenue of DPPL decreased by SGD0.31 million or approximately 82.2% from SGD0.38 million for the preceding corresponding financial period to SGD0.07 million for the financial period under review, mainly due to cross border travel restrictions and the imposition of circuit breaker/ lock down policies as a result of the COVID-19 pandemic. Consequently, DPPL recorded a higher LBT and LAT of SGD0.32 million for the period under review as compared to a LBT and LAT of SGD0.12 million for the preceding corresponding financial period.

The NA of DPPL as at 31 October 2020 of SGD0.02 million was lower as compared to its NA as at 31 January 2020 of SGD0.34 million, mainly due to the net loss of SGD0.32 million recorded during the financial period under review.

No dividend was declared or paid during the FPE 31 October 2020.

Based on the above review of the historical financial performance of the Disposal Subsidiaries, Qwantum is of the view that the Board's rationale for the Proposed Disposal is **reasonable and not detrimental** to the interests of the Shareholders of Johan.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.4 Precedent Transactions Analysis

We have considered the following announced disposal transactions of companies in a similar or related industry as DCS and DPPL, as tabulated below:

Date Announced	Acquirer	Acquiree	Principal Activities of the Acquiree	Consideration RM'million	Net Assets RM'million	Price-to-book ratio (times)	Source of reference
10 July 2012	AMMB Holdings Berhad	MBf Cards (M'sia) Sdn Bhd	Issuing credit and charge cards, acquiring merchants, channel for bill payments, retailing of trading goods via easy payment plan and other related services.	623.40	238.40	2.61	Circular to Shareholders of MBf Holdings Berhad dated 30 August 2012
6 March 2014	The Warehouse Group Limited	Diners Club (NZ) Limited	Provision of charge card services under Diners Club franchise.	8.59	(2) 1.51	5.69	Johan's announcement to Bursa Securities dated 6 March 2014
10 September 2020	Burst Acquisition Co. Pty. Ltd (a subsidiary of Mastercard Incorporated)	Wameja Ltd.	Wameja and Mastercard Incorporated are joint-venture partners of the global payment hub in the provision of cross-border transfer between bank accounts, cards, mobile wallets, or cash outlets from anywhere in the world.	(1) 525.25	(1) 124.44	4.22	https://www.morningstar.co.uk
Disposal Subsidiaries				313.98	119.25	2.63	**Section 8.1** of this IAL

Notes:-

(1) The transaction was announced based on a sale consideration of GBP96.9 million and the net assets of the acquiree as at 31 December 2019 was AUD41.10 million. The amounts in RM were arrived at based on foreign exchange rates quoted on 10 September 2020 (date of the announcement) of GBP1.00:RM5.4205 and AUD1.00:RM3.0278, respectively.

(2) The amount in RM are stated based on the exchange rate of NZD1.00 : RM2.7524 quoted on 6 March 2014 (date of the announcement).

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.4 Precedent Transactions Analysis (Cont'd)

<u>Qwantum's comments</u>

The above Precedent Transactions Analysis merely provides a comparison of the implied price-to-book ratio of the Disposal Consideration against the price-to-book ratio of precedent transactions involving companies that are in a similar business or industry and is not to be considered as a basis of evaluating the fairness of the Disposal Consideration.

Although the basis of the sale or purchase consideration in respect of the above Precedent Transactions are not fully disclosed in the public domain, we have considered the price-to-book ("**PB**") ratio of each precedent transaction and noted that the implied PB ratios range from 2.61 to 5.69 times. On this basis, the PB ratio implied by the Disposal Consideration of approximately 2.63 times as set out in the above Precedent Transactions Analysis is within the range of the implied PB ratios of the Precedent Transactions, and therefore, the Proposed Disposal is **reasonable**.

It should be noted that the Precedent Transactions used have been selected on a best effort basis and may, in fact, not be directly comparable to the Proposed Disposal due to various factors which include, amongst others, size of the business, financial strength, management capabilities, geographical location and market share that will impact our evaluation of the implied PB ratios of the Disposal Consideration against the implied PB ratios of the Precedent Transactions selected.

Hence, we suggest that the reasonableness of the Proposed Disposal should not be determined solely by the assessment of the Precedent Transactions but to take into account of our evaluation as set out in **Sections 8 and 9** of this **IAL** as a whole.

The rest of this page is intentionally left blank

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.5 Effects of the Proposed Disposal

In evaluating the Proposed Disposal, we have taken into consideration of the effects of the Proposed Disposal as set out in **Section 7, Part A** of the Circular as summarised below:

No.	Item	Summary of the effects of the Proposed Disposal and Qwantum's comments
(i)	Issued share capital	The Proposed Disposal will not have any effect on the issued share capital of the Company as the Proposed Disposal will not involve the issuance of ordinary shares of Johan.
(ii)	Substantial shareholders' shareholdings	The Proposed Disposal will not have any effect on the substantial shareholders' shareholdings in the Company as the Proposed Disposal will not involve the issuance of ordinary shares of Johan.
(iii)	NA and NA per share and gearing	As disclosed in **Section 7.1, Part A** of the Circular, the proforma NA of the Group as at LPD would increase from RM71.1 million to RM256.6 million and NA per share will increase from RM0.091 to RM0.329, after incorporating the one-off gain of approximately RM185.44 million(1) arising from the Proposed Disposal. Consequently, the proforma gearing of the Group is expected to decrease from 7.16 times as at LPD to 0.06 times subsequent to the Proposed Disposal, due to increase in the proforma NA of the Group arising from the abovementioned one-off gain (net of estimated expenses in relation to the Proposed Disposal) and the de-consolidation of the total interest-bearing borrowings of DCS of approximately RM513.29 million recorded as at 31 January 2020. For the avoidance of doubt, the de-consolidation will result in the Group de-administering DCS's Asset Securitization Program, which is presently conducted by DFS Asset Purchase Pte Ltd. *Note:* *(1) The proforma gain of approximately RM185.44 million is arising from the Proposed Disposal was estimated based on the exchange rate of SGD1.00 : RM2.9853 as at 31 January 2020 (being the financial year-end date of the latest audited consolidated financial statements of Johan Group).*
(iv)	Earnings and earnings per share ("EPS) / loss per share ("LPS")	As disclosed in **Section 7.2, Part A** of the Circular, the Proposed Disposal is expected to give rise to a gain of approximately RM185.44 million which will result in an increase in the proforma earnings of the Group and a turnaround of the Group's LPS for FYE 31 January 2020 of 3.03 sen per share to an EPS of 26.74 sen per share.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.5 Effects of the Proposed Disposal (Cont'd)

As stated in **Section 2, Part A** of the Circular, DFSAP is involved in the provision of financing arrangement between DCS and institutional lenders, whereby DFSAP is set up to raise funds through the securitization of eligible receivables on behalf of DCS. The Proposed Disposal will result in the deconsolidation of DFSAP, including its financial arrangement and liabilities attached with it, from the Group.

Premised on the above, we are of the view that the proforma effects of the Proposed Disposal on the NA per share, gearing, earnings and EPS of the Group, taken as a whole, are **reasonable, and not detrimental** to the interests of the Shareholders of Johan. The Shareholders of Johan should also note that the actual effects of the Proposed Disposal can only be ascertained at the Completion Date of the SSA and they could be different with the abovementioned proforma effects.

9.6 Overview and prospects of the hospitality and card services business in Singapore, and the prospects of DCS and DPPL

9.6.1 Overview of the hospitality and card services business in Singapore

Forecast of credit card transactions is anticipated to fall from 60% of current overall market share to 36% as per the statistics of Worldpay, whereas, the debit card transactions are expected to rise.

The market trends with all types of payment options like debit card, online transfers and cash on delivery, which are expected to double their current growth from 9% as per WorldPay. E-wallet estimated a flat growth to contribute 10%.

The launch of alternative payments like Apple Pay, Samsung Pay and Android Pay has altered the competitive landscape of Singapore. To capitalise on the growing trend, various regional banks and telecom providers are introducing their own payment solutions. The contactless payment technology has been growing tremendously in the payment cards industry of Singapore due to the introduction of contactless cards by leading banks like DBS Bank, UOB, OCBC Bank, and Citibank.

The Land Transport Authority of Singapore has launched a pilot program in partnership with Mastercard to allow contactless payments of passengers for public transportation, using their credit or debit cards.

(*Source: Market Data Forecast, February 2020*)

Singapore's e-commerce market is expected to grow by 38% to reach USD8.4 billion in 2023. Bank transfers, growing at a rate of 20% annually, are expected to account for 15 percent of all online purchases by 2023, Worldpay said. Mobile-based online payment methods are growing by some 13% annually, while in-store digital wallet purchases are increasing at a rate of 25% per year. However, cash transactions remain the most often used form at point of sale, accounting for 37% of payments, followed by credit cards (34%) and debit cards (19%).

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.6 Overview and prospects of the hospitality and card services business in Singapore, and the prospects of DCS and DPPL (Cont'd)

9.6.1 Overview of the hospitality and card services business in Singapore (Cont'd)

Credit cards are expected to eclipse cash in popularity by 2023, to account for 36% of all purchases, while digital wallets are the fastest-growing in-store payment method, expected to account for 14% of in-store purchases.

(Source: Finews.Asia, March 2020)

According to J.D. Power market research, 70% of Singaporeans are still prefer to use cash when making purchases abroad, 50% of the total overseas spending by Singaporeans are still cash-based. Singaporeans are avoiding to use credit cards due to the hefty credit card fees, poor exchange rates and also fear of fraudulent transactions abroad.

Today, credit card issuers are promoting various rewards benefits program to raise the number of card usage which include air miles, cashback, reward points, shopping discounts, amongst others. However, offering more benefits on overseas spending will not equal to more usage. A study by payment solutions company Worldpay in 2016 forecasted that credit card usage in Singapore will fall by next year as card use was slated for a major fall of 24%.

(*Singapore Business Review, 26 April 2020*)

According to latest statistics published by Monetary Authority of Singapore ("**MAS**"), in the third quarter 2020, the total number of cardholders of credit and charge card consisting of principal and supplementary cardholders has reduced to 6,702,485 cardholders in comparison to third quarter of 2019. During the third quarter of 2020, the total card billings and rollover balance has dropped more than 11% to SGD14.58 billion and SGD5.39 billion respectively whereas the bad debts written off has risen to SGD118.2 million from SGD99.9 million from the first quarter of 2020.

The charge-off rate has increased from 6.7% in the first quarter of 2020 to 9.1% in the third quarter of 2020.

(*Credit and Charge Card Statistics, Monetary Authority of Singapore*)

<u>Qwantum's comments</u>

Based on the above, we note that cash transactions remain the most popular form of payment in Singapore. Given the competitive landscape of the credit card industry, credit card businesses are facing challenges among other credit card operators as well as other payment methods such as debit card, mobile-based online payment, digital wallets and bank transfers.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.6 Overview and prospects of the hospitality and card services business in Singapore, and the prospects of DCS and DPPL (Cont'd)

9.6.1 Overview of the hospitality and card services business in Singapore (Cont'd)

<u>Qwantum's comments (Cont'd)</u>

Bank transfers, mobile-based online payment and digital wallets have been growing tremendously at 20%, 13% and 25% per annum, respectively. Credit card businesses are expected to lose its market share to other payment methods such as bank transfers, mobile-based online payment and digital wallets moving forward. In addition, we note that most of Singaporeans still favour making payments in cash rather than credit cards in respect of purchases transacted overseas in order to minimise foreign exchange losses and transaction fees.

Based on the abovementioned overview of the hospitality and card services business in Singapore, the Proposed Disposal is **reasonable**.

9.6.2 Prospects of DCS and DPPL

As disclosed in **Section 3, Part A** of the Circular, DCS and DPPL are facing increasing competition in the hospitality and payment gateway businesses and as DCS's charge card and credit card services are operated on a standalone basis. In this regard, the Board and Management of Johan foresee challenges in the businesses of DCS and DPPL especially in view of the current economic condition. In this regard, the Board and Management of Johan have a negative outlook on the prospects of DCS and DPPL and have not prepared any business plans or financial projections on DCS and DPPL.

(*Source: The Board and the Management of the Company*)

<u>Qwantum's comments</u>

Based on the abovementioned overview of the hospitality and card services business in Singapore, the Proposed Disposal is **reasonable**.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.7 Risk factors in relation to the Proposed Disposal

9.7.1 Non-completion of the Proposed Disposal

As disclosed in **Section 6.1, Part A** of the Circular, the completion of the Proposed Disposal is conditional upon the SSA's conditions precedent or terms being fulfilled. In the event that any one or more of the conditions precedent and/or terms is/are not fulfilled by the parties involved within the stipulated time set out in the SSA, or any breach of the representations or warranties or failure to perform any covenant or agreement by the parties involved pursuant to the SSA, the Proposed Disposal may be delayed or terminated. As such, there can be no assurance that the conditions precedent can be fulfilled and the Proposed Disposal can be completed within the time period permitted under the SSA.

In addition, should a delay or non-completion of the Proposed Disposal occur, Johan Group may not be able to realize the gain arising from the Proposed Disposal as disclosed in **Section 2.8, Part A** of the Circular.

We note that the Company will ensure that all reasonable steps will be taken to ensure that the conditions precedent as set out in the SSA are met within the stipulated timeframe and that every effort is made to obtain all the necessary approvals in relation to the completion of the Proposed Disposal.

9.7.2 Future business risks

As disclosed in **Section 6.2, Part A** of the Circular, upon completion of the Proposed Disposal, Johan will no longer be able to recognize the revenue contributed by DCS, which is a major contributor to the Group in respect of revenue, and will cease consolidating the financial results of DCS.

Although the Group intends to continue with its operations through its three (3) business segments with the potential addition of another new business segment, subject to shareholders' approval being obtained for the diversification into new business, there is no assurance that the Group's financial performance will be further enhanced with the remaining business operations moving forward.

As further disclosed in **Section 6.2, Part A** of the Circular, the Group will endeavour to monitor the business operations, which is expected to improve the financial results moving forward.

The future business risks of the Group in relation to the possibility that Johan may be classified as an Affected Listed Issuer as prescribed under Paragraph 8.03(A)(2) of the Listing Requirements are elaborated in **Section 9.8** of this IAL.

On this basis, we are of the view that the Group will have an opportunity to improve its financial results (be it a profit or lower net loss) moving forward given that it will no longer consolidate the expected losses of DCS and DPPL.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.8 Future Plans of Johan Group

As set out in **Section 5, Part A** of the Circular, upon completion of the Proposed Disposal, the Board and the management team of Johan will assess the Group's financial position at that point in time so as to determine whether the Proposed Disposal will result in Johan being classified as an Affected Listed Issuer as prescribed under Paragraph 8.03(A)(2) of the Listing Requirements. An announcement will be made by the Company in respect of such classification at the completion of the Proposed Disposal.

Whilst the Proposed Disposal entails the disposal by the Group of one of its major businesses, it is the intention of the Board to maintain the Company's listing status on the Main Market of Bursa Securities. Post-Proposed Disposal, Johan will still be able to carry out its business operations through the remaining three (3) business segments, namely the general trading activities, the provision of management and secretarial services, and property and operation of hotel and resort related business. In addition, subject to the necessary approvals being obtained by the Company, the Company may venture into a new business activity moving forward. At present, the Board plans to venture into a new business which is in the manufacturing and marketing of gloves as announced by the Company on 8 December 2020 in view of the demand and positive outlook for gloves industry. In respect of this new business venture, it is the intention of the Board to venture into the manufacturing and marketing of gloves organically but may consider acquisition and/or merger of an existing gloves company should such opportunity arise, through internally generated funds, the proceeds raised from private placement and disposal of vacant land by Prestige Ceramics Sdn Bhd as set out in **Section 13(i) and (ii), Part A** of the Circular, respectively, and/or bank borrowings. However as at the LPD, the Board is still in the midst of evaluating this new business and an announcement pertaining to this new business will be made by the Company at a later stage. Should the new business be realised, it is expected to contribute positively to the Group's earnings moving forward.

Further information on the future plans of Johan Group are set out in **Section 5, Part A** of the Circular.

<u>Qwantum's comments</u>

The prospects of the Group upon completion of the Proposed Disposal depend on, amongst others, the prospects of the new business activity. As published in a recent article by the Malay Mail (on 6 December 2020), the Malaysian Rubber Gloves Manufacturers Association ("MARGMA") predicts the industry's revenue for 2021 could range between RM36 billion and RM38 billion (as compared to RM32.2 billion in 2020), on the back of robust demand, notwithstanding the vaccine coming into play. The outlook of industry is also positive in view that demand growth would continue in 2022 as awareness towards health and personal hygiene are likely to remain prevalent as the general society is embracing the new normal. On this basis, we concur with the Board's positive outlook on the gloves industry.

In spite of the uncertainty of the Group's prospects, the Proposed Disposal is **reasonable** as Johan Group will no longer have to consolidate the liabilities and expected losses of the Disposal Subsidiaries, which can reasonably be expected to have a positive impact on the financial performance (be it a profit or lower net loss) of the Group moving forward.

9. ASSESSMENT OF THE REASONABLENESS OF THE PROPOSED DISPOSAL (CONT'D)

9.9 Alternative Bids

The Board has not received an offer from any parties other than the Purchaser and has no intention to seek for any alternative bids for DCS. In view of the absence of other offers and alternative bids for DCS, we are of the view that the Proposed Disposal is **reasonable**.

10. POTENTIAL OUTCOME OF THE PROPOSED DISPOSAL

The Proposed Disposal is conditional upon the special resolution to be tabled at the forthcoming EGM of the Company in relation to the Proposed Disposal to be approved by at least 75% in value of the shareholders present and voting either in person or by proxy pursuant to paragraph 10.11A(1)(d) of the Listing Requirements, and the approval of any other relevant authorities and/or parties.

We provide below a summary of the possible outcomes:

No.	Scenario	Possible outcomes
1.	The special resolution to be tabled at the forthcoming EGM of the Company in relation to the Proposed Disposal is approved by at least 75% of the total number of shares held by the shareholders of Johan present and voting either in person or by proxy.	Upon completion of the Proposed Disposal, Johan will no longer be able to recognize the revenue contributed by DCS, which is a major contributor to the Group in respect of revenue, and will cease consolidating the financial results of DCS. As set out in **Section 2, Part A** of the Circular, the Disposal Subsidiaries had been contributing approximately more than 80% of the Group's revenue for the past 3 financial years up to the FYE 31 January 2020. In addition, upon completion of the Proposed Disposal, Johan may be classified as an Affected Listed Issuer, subject to assessment by the Board at that point in time. The continuous listing of Johan on the Main Market of Bursa Securities is very much dependent on the financial performance, its earnings sustainability and future prospects of the remaining business segments of the Group, and the successful formulation of a regularization plan, if required, by the Board and/ or management team of Johan Group. At the completion of the Proposed Disposal, the Board will assess the segmental contribution of the Group and will determine on whether the Group will be deemed as an Affected Listed Issuer. Relevant announcement will be made by the Company on the abovementioned status.

QUANTUM SKYLIGHT CAPITAL

10. POTENTIAL OUTCOME OF THE PROPOSED DISPOSAL (CONT'D)

No.	Scenario	Possible outcomes
2.	The special resolution to be tabled at the forthcoming EGM of the Company in relation to the Proposed Disposal is approved by less than 75% in value of the shareholders present and voting either in person or by proxy	Johan will remain as status quo and continue to operate the businesses of DCS and DPPL whilst the Board may continue to contemplate a new potential business venture as elaborated above. The future prospects of Johan will depend on, among others, whether DCS and DPPL are able to effectively overcome the challenges and risk factors as discussed in **Section 9.7** of this IAL.

11. RECOMMENDATION BY THE BOARD

We note from **Section 10, Part A** of the Circular that the Board has recommended the shareholders of Johan to vote in favour for the special resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of the Company.

12. ADEQUACY OF FINANCIAL RESOURCES OF THE PURCHASER

As stated in **Section 2.9, Part A** of the Circular, the Purchaser had provided its confirmation that it has sufficient resources to meet the financial obligations for the acquisition of the Sale Shares pursuant to this Proposed Disposal, and the Proposed Disposal will not fail due to insufficient financial resources of the Purchaser.

The Board, premised on the above confirmation, confirmed that the Purchaser has sufficient financial resources to undertake the Proposed Disposal. In addition, one of the conditions precedent to the SSA requires Genesis (a substantial shareholder of the Purchaser) to provide evidence of it being in possession of funds of at least SGD15,000,000 in cash as elaborated in **Section 9.1** of this IAL.

13. CONCLUSION AND RECOMMENDATION

The shareholders of Johan should take into account all the merits and demerits of the Proposed Disposal based on all relevant pertinent factors including those which are set out in the Circular, the relevant appendices thereof, this IAL and other publicly available information.

In arriving at our conclusion and recommendation, we have considered the fairness and reasonableness of the Proposed Disposal based on all relevant and pertinent factors including those which are set out above and summarised below are the pertinent factors which you should consider carefully prior to making a decision whether to accept or reject the Proposed Disposal.

13.1 Assessment of the fairness of the Proposed Disposal

No.	Item	Assessment
1.	Fair value assessment and comparison of the Disposal Consideration against the fair value of the Disposal Subsidiaries	Qwantum has assessed the fair value of the Disposal Subsidiaries and noted that the Disposal Consideration represents a premium of approximately SGD64.2 million or 163% to the proforma consolidated RNAV of DCS and DPPL as at 31 January 2020, and a premium of approximately SGD66.61 million or 180% to the proforma consolidated RNAV of DCS and DPPL as at 31 October 2020. Premised on the above, the Proposed Disposal is considered **fair and not detrimental** to interests of the Shareholders of Johan.
2.	Assessment of the mode of settlement of the Disposal Consideration	Qwantum's assessment of the mode of settlement of the Disposal Consideration is as follows: (a) As the Excluded Assets Consideration is almost equivalent to the Group's cost of investment (net of impairment losses) in the Excluded Assets, the transfer of the Excluded Assets to JIPL based on the Group's cost of investment will not give rise to any material gain or loss to the Group as the Group had already consolidated the net assets of these Excluded Assets as subsidiaries of the Group. Furthermore, even if JIPL does not dispose of its equity interest in DCS, the Group will continue to consolidate the net assets and future financial results of the Excluded Assets as its subsidiaries. Therefore, the part settlement of the Disposal Consideration via the offset of the Excluded Assets Consideration is **fair and reasonable**; and

13. CONCLUSION AND RECOMMENDATION (CONT'D)

13.1 Assessment of the fairness of the Proposed Disposal (Cont'd)

No.	Item	Assessment
2.	Assessment of the mode of settlement of the Disposal Consideration (Cont'd)	(b) The part settlement of the Disposal Consideration via the offset of the outstanding intra-group amounts owing to DCS will result in Johan Group being discharged of all obligations to pay the outstanding amounts owing to DCS, and is therefore, fair and reasonable. Premised on the above, the Proposed Disposal is considered **fair and reasonable**.

13.2 Assessment of the reasonableness of the Proposed Disposal

No.	Item	Assessment
1.	Salient terms of the SSA	The salient terms of the SSA are **reasonable** as far as the interest of Johan is concerned and are **not detrimental** to the interests of the shareholders of Johan.
2.	Rationale of the Proposed Disposal	Premised on our evaluation of the rationale of the Proposed Disposal as set out in **Section 9.2** of this IAL, we are of the view that the rationale for the proposed disposal is **reasonable and not detrimental** to the interests of the Shareholders of Johan.
3.	Historical financial performance of DCS and DPPL	As set out in **Section 9.3** of this IAL, DCS and DPPL have incurred losses over the last three (3) financial years up to the FYE 31 January 2020 and also for the FPE 31 October 2020. Premised on the above and the prospects of DCS and DPPL as set out in **Section 9.6** of this IAL, the Management expects to face challenges in turning around the financial performance of DCS and DPPL. Therefore, the Proposed Disposal is **reasonable and not detrimental** to the interests of the Shareholders of Johan.

13. CONCLUSION AND RECOMMENDATION (CONT'D)

13.2 Assessment of the reasonableness of the Proposed Disposal (Cont'd)

No.	Item	Assessment
4.	Precedent transactions analysis	Based on our assessment of Precedent Transactions as set out in **Section 9.4** of this IAL, we noted that the implied PB ratios of Precedent Transactions range between 2.61 to 5.69 times. On this basis, the PB ratio implied by the Disposal Consideration of approximately 2.63 times as set out **Section 8.1** of this IAL is within the range of the implied PB ratios of the Precedent Transactions. Premised on the above, the Proposed Disposal is considered **reasonable**.
5.	Effects of the Proposed Disposal	The Proposed Disposal will not have any effects on the share capital and the substantial shareholders' shareholdings in Johan as it will not involve the issuance of ordinary shares of Johan. The proforma effects of the Proposed Disposal on the NA, NA per share and Gearing, and Earnings and EPS of the Group, taken as a whole, are **reasonable and not detrimental** to the interests of the Shareholders of Johan.
6.	(i) Overview and prospects of the hospitality and card services business in Singapore; and (ii) Prospects of DCS and DPPL	After consideration the overview and prospects of the hospitality and card services business in Singapore and also the prospects of DCS and DPPL as elaborated in **Section 9.6** of this IAL, we are of the view that the Proposed Disposal is **reasonable**.
7.	Risk factors relating to the Proposed Disposal	The key risk factors have been considered, addressed and mitigated by the Board. Although measures could be taken by Johan to attempt to limit the risks associated with the Proposed Disposal, no assurance can be given that one or a combination of these risk factors as stated in **Section 6, Part A** of the Circular and **Section 9.7** of this IAL will not occur.

13. CONCLUSION AND RECOMMENDATION (CONT'D)

13.2 Assessment of the reasonableness of the Proposed Disposal (Cont'd)

No.	Item	Assessment
8.	Future plans of Johan	Taking into consideration the listing and future plans of Johan as set out in **Section 9.8** of this IAL, we are of the view that the Group will have an opportunity to improve its financial results (be it a profit or lower net loss) moving forward on the basis that upon completion of the Proposed Disposal, the Group will no longer consolidate the liabilities and expected losses of DCS and DPPL. Premised on the above, we are of the view that the Proposed Disposal is **reasonable**.
9.	Alternative bids	The Board has not received an offer from any parties other than the Purchaser, and has no intention to seek for any alternative bids for DCS. In view of the absence of other offers and alternative bids for DCS, we are of the view that the Proposed Disposal is **reasonable**.

13.3 Conclusion and recommendation by Qwantum

Based on our evaluations as set out in this IAL and summarised in the above section, we are of the opinion that the Proposed Disposal is **fair and reasonable** insofar as the Shareholders of Johan are concerned and is **not detrimental** to the interests of the Shareholders of Johan.

Accordingly, we recommend that the Shareholders of Johan should **vote in favour** of the special resolution to be tabled at the forthcoming EGM of the Company in relation to the Proposed Disposal.

Yours faithfully,
For and on behalf of
QWANTUM SKYLIGHT CAPITAL SDN BHD

Lee King Loon
Managing Director

Ameeruzaman Bin S N S Bukhari
Executive Director

1. HISTORY AND BUSINESS

DCS was incorporated in Singapore on 13 March 1973 as a private limited company. DCS is principally in the provision of charge card and credit card services in Singapore under the Diners Club card franchise. The principal market of DCS is in Singapore.

2. SHARE CAPITAL

As at the LPD, DCS has an issued share capital of SGD4,704,056 comprising 4,645,256 ordinary shares.

3. SHAREHOLDERS AND BOARD OF DIRECTORS

DCS is 100.0%-owned by JIPL, which in turn wholly-owned by Johan. As at the LPD, the directors of DCS are Peter Tam Kui Pui and James Koh Chuan Lim.

4. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, DCS has 6 subsidiaries, the details of which are set out below:-

Subsidiary	Date/ Place of incorporation	Effective equity held by DCS	Business activities	Share capital	Director
DPPL	29 September 1986/ Singapore	100.0%	Payment processing, payment gateway and merchant acquiring services	SGD500,002 comprising 500,002 ordinary shares	(i) James Koh Chuan Lim; and (ii) Peter Tam Kui Pui
DWTS	4 June 1977/ Singapore	100.0%	Ticketing and tour management solutions provider	SGD1,600,000 comprising 1,600,000 ordinary shares	(i) James Koh Chuan Lim; and (ii) Peter Tam Kui Pui
SUSB	3 March 2003/ Malaysia	100.0%	Investment holding	RM47,279,000 comprising 47,279,000 ordinary shares	(i) Teh Yong Fah; (ii) James Koh Chuan Lim; and (iii) Choo Chin Yoon
DCM	27 August 1960/ Malaysia	100.0%	Dormant	RM40,005,572 comprising 40,005,572 ordinary shares	(i) Teh Yong Fah; and (ii) James Koh Chuan Lim
DWTM	1 July 1974/ Malaysia	100.0%	Ticketing and tour management solution providers	RM750,000 comprising 750,000 ordinary shares	(i) Teh Yong Fah; and (ii) Choo Chin Yoon
LPR	18 July 1990/ Malaysia	80.0%	Resort related business and property development	RM5,000,000 comprising 5,000,000 ordinary shares	(i) Teh Yong Fah; and (ii) Choo Chin Yoon

DCS had entered into an Asset Securitisation Programme on 5 September 2019 with DFSAP, which is a special purpose entity involving in the provision of financing arrangement between DCS and institutional lenders. Our Group does not hold any equity interest in DFSAP whilst its activities are being conducted on behalf of our Group according to our specific business requirements and that our Group retains the majority of the residual or ownership risk related to DFSAP on its assets.

5. MATERIAL COMMITMENTS

As at the LPD, the board of directors of DCS is not aware of any material commitments incurred or known to be incurred by DCS that has not been provided for, which may have a material impact on the financial results/ position of DCS.

6. CONTINGENT LIABILITIES

As at the LPD, the board of directors of DCS is not aware of any contingent liabilities incurred or known to be incurred by DCS, which upon becoming enforceable, may have a material impact on the financial results/ position of DCS.

7. FINANCIAL INFORMATION

A summary of the financial information of DCS for the past 3 financial years up to the FYE 31 January 2020 and the latest unaudited FPE 31 October 2020 is set out as follows:-

	<---------------------------Audited		----------------------------->	Unaudited	Unaudited
	FYE 31 January 2018 SGD'000	**FYE 31 January 2019 SGD'000**	**FYE 31 January 2020 SGD'000**	**FPE 31 October 2019 SGD'000**	**FPE 31 October 2020 SGD'000**
Revenue	34,188	29,978	26,516	20,330	16,168
LBT	354	7,148	5,056	5,183	2,049
LAT	708	5,837	3,270	5,183	2,049
Shareholders' funds/ NA	47,053	42,225	39,366	37,042	37,317
Total borrowings	28,550	33,988	7,272	30,571	17,564
Dividend declared for the financial year	-	-	-	-	-
Total issued shares (unit)	4,645,256	4,645,256	4,645,256	4,645,256	4,645,256
LBT margin (%)	1.03	23.84	19.07	25.49	12.67
LAT margin (%)	2.07	19.47	12.33	25.49	12.67
Gross EPS/ (LPS) (SGD)	(0.15)	(1.26)	(0.70)	(1.12)	(0.44)
NA per share (SGD)	10.13	9.09	8.47	7.97	8.03
Gearing level (times)	0.61	0.80	0.18	0.83	0.47

Commentary on past financial performance:-

For the audited FYE 31 January 2018 to FYE 31 January 2020:-

(i) There was no exceptional or extraordinary items;

(ii) There is no accounting policy(ies) adopted by DCS, which is peculiar to DCS due to the nature of its business and the industry in which it is involved in; and

(iii) DCS's external auditors have not issued any audit qualification on its financial statements.

FYE 31 January 2019

For the FYE 31 January 2019, the revenue of DCS decreased by SGD4.21 million, representing approximately 12.3% from the preceding year of SGD34.19 million to SGD29.98 million, mainly due to regulatory compliance for unsecured consumers' exposure, leading to a decline in cards receivables base, which in turn resulted in a lower membership renewal fees and lower service charge income. During the FYE 31 January 2019, DCS also recorded an impairment loss on investment in subsidiaries of SGD2.71 million (comprising impairment loss on investment in SUSB and DPPL of SGD2.57 million and SGD0.14 million respectively). Consequently, the LBT of DCS was recorded at SGD7.15 million from LBT of SGD0.35 million in the preceding financial year. Similarly, the LAT was also recorded at SGD5.84 million during the financial year, against the preceding financial year of LAT of SGD0.71 million.

For the FYE 31 January 2019, total NA of DCS decreased from SGD47.05 million recorded from the preceding financial year to SGD42.23 million mainly attributable to the net loss of SGD5.84 million recorded during the financial year under review, mitigated by the recognition of other comprehensive income of SGD1.01 million arising from the revaluation of buildings.

For the FYE 31 January 2019, total borrowings of DCS increased from SGD28.55 million to SGD33.99 million mainly due to the increase in the drawn down on bank overdraft to finance the business operations. This had increased its gearing level from 0.61 times for the FYE 31 January 2018 to 0.80 times for the FYE 31 January 2019.

No dividend was declared for, or paid during the FYE 31 January 2019.

FYE 31 January 2020

For the FYE 31 January 2020, the revenue of DCS decreased by SGD3.46 million, representing approximately 11.5% from the preceding year of SGD29.98 million to SGD26.52 million, mainly due to lower service charge income on lower cards receivables base due to regulatory compliance for unsecured consumers' exposure, leading to a decline in cards receivables base, which in turn resulted in a lower membership renewal fees and lower service charge income. In spite of the decrease in revenue, LBT was recorded lower at SGD5.06 million from LBT of SGD7.15 million in the preceding financial year mainly due to reversal of credit loss allowance of SGD1.60 million was recognized, in compliance with Financial Reporting Standard (FRS) 109 on credit loss allowance. Accordingly, the LAT was also recorded at SGD3.27 million during the financial year, against the preceding financial year of LAT of SGD5.84 million.

For the FYE 31 January 2020, total NA of DCS decreased from SGD42.23 million recorded from the preceding financial year to SGD39.37 million mainly attributable to the net loss of SGD3.27 million recorded during the financial year under review, mitigated by the recognition of other comprehensive income of SGD0.41 million arising from the revaluation of buildings.

For the FYE 31 January 2020, total borrowings of DCS decreased from SGD33.99 million to SGD7.27 million mainly due to repayment of terms loans and bank borrowings of SGD26.79 million. This had reduced the gearing level from 0.80 times for the FYE 31 January 2019 to 0.18 times for the FYE 31 January 2020.

No dividend was declared for, or paid during the FYE 31 January 2020.

9-month FPE 31 October 2020

For the 9-month FPE 31 October 2020, the revenue of DCS decreased by SGD4.16 million, representing approximately 20.5% from the preceding financial period of SGD20.33 million to SGD16.17 million, mainly due to the cross border travel restrictions and the imposition of circuit breaker/ lock down policies as a result of the Covid-19 pandemic. In spite of the decrease in revenue, LBT was recorded at SGD2.05 million from LBT of SGD5.18 million in the preceding financial period due to reduction in electronic data capture ("**EDC**") machine (which is used to capture cards transaction) rental cost by SGD0.7 million and the grants of SGD2.10 million received under the Job Support Scheme initiated by the Singapore Government as a relief measure to counter the adverse economic impact of COVID-19. Accordingly, the LAT was also recorded at SGD2.05 million during the financial period, against the preceding financial period of LAT of SGD5.18 million.

For the 9-month FPE 31 October 2020, total NA of DCS decreased from SGD39.37 million recorded from the latest audited FYE 31 January 2020 to SGD37.32 million mainly attributable to the net loss of SGD2.05 million recorded during the financial period under review.

For the 9-month FPE 31 October 2020, total borrowings of DCS increased from SGD7.27 million from the latest audited FYE 31 January 2020 to SGD17.56 million mainly due to the increase in terms loans to meet the operational requirements of DCS. This had increased the gearing level from 0.18 times for the latest audited FYE 31 January 2020 to 0.47 times for the FPE 31 October 2020.

No dividend was declared for, or paid as of FPE 31 October 2020.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

8. AUDITED FINANCIAL STATEMENTS OF DCS FOR THE FYE 31 JANUARY 2020

Deloitte.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED
(Registration No. 197300502W)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

YEAR ENDED JANUARY 31, 2020

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

C O N T E N T S

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of Diners Club (Singapore) Private Limited (the "Company'') for the financial year ended January 31, 2020.

In the opinion of the directors, the financial statements of the Company as set out on pages 6 to 52 are drawn up so as to give a true and fair view of the financial position of the Company as at January 31, 2020, and the financial performance, changes in equity and cash flows for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

James Koh Chuan Lim
Peter Tam Kui Pui

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of directors	
Name of directors and company in which interests are held	At the beginning of year	At the end of year
Penultimate Holding Company: Johan Holdings Berhad (Ordinary shares)		
James Koh Chuan Lim	30,000	30,000
Peter Tam Kui Pui	12,000	12,000

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporations in the group were granted.

(b) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporations in the group under options.

(c) *Options exercised*

There were no shares of the Company or any corporations in the group issued by virtue of the exercise of an option to take up unissued shares.

5 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

....
James Koh Chuan Lim

....
Peter Tam Kui Pui

September 29, 2020

Deloitte.

Deloitte & Touche LLP
Unique Entity No. T08LL0721A
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com/sg

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Diners Club (Singapore) Private Limited (the "Company") which comprise the statement of financial position of the Company as at January 31, 2020, the statement of profit or loss, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 52.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at January 31, 2020 and of the financial performance, changes in equity, cash flows and of the changes in equity of the Company 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 Company 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on page 1 and 2.

Our opinion of 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 of 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 if this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

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 FRSs, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

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:

(a) 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.

(b) 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 Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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 Company'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 Company to cease to continue as a going concern.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

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

(e) 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.

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.

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.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

September 29, 2020

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

STATEMENT OF FINANCIAL POSITION
January 31, 2020

	Note	2020	2019
		$	$
ASSETS			
Current assets			
Cash and bank balances	7	1,800,725	2,913,878
Trade receivables	8	176,988,962	171,332,954
Other receivables	9	1,715,243	3,035,234
Prepayments		1,075,666	1,404,920
Amounts due from related companies	10	94,314,444	90,329,226
Inventories		290,898	246,446
Total current assets		276,185,938	269,262,658
Non-current assets			
Property and equipment	11	24,108,386	24,450,278
Right-of-use assets	12	847,690	-
Investment property	13	4,750,000	4,750,000
Computer software	14	813,239	1,345,462
Investment in subsidiaries	15	19,380,560	19,380,560
Total non-current assets		49,899,875	49,926,300
Total assets		326,085,813	319,188,958
LIABILITIES AND EQUITY			
Current liabilities			
Loans and borrowings	16	6,467,014	33,253,181
Trade payables	17	96,914,920	70,839,375
Other payables	18	10,636,484	5,298,835
Finance lease obligations	19	-	32,740
Lease liabilities	19	333,023	-
Provision for reward points	20	373,261	701,724
Amounts due to related companies	21	69,069,062	62,050,825
Provision for income tax		150,688	756,627
Total current liabilities		183,944,452	172,933,307
Non-current liabilities			
Amount due to related companies	21	99,162,707	100,000,000
Deferred tax liabilities	22	3,514,740	4,030,563
Lease liabilities	19	98,224	-
Total non-current liabilities		102,775,671	104,030,563
Equity			
Share capital	23	4,704,056	4,704,056
Reserves		34,661,634	37,521,032
Total equity		39,365,690	42,225,088
Total liabilities and equity		326,085,813	319,188,958

See accompanying notes to financial statements.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended January 31, 2020

	Note	2020	2019
		$	$
Revenue	24	26,515,649	29,978,487
Interest income	25	4,751,527	3,799,391
Other operating income	26	2,174,850	1,271,996
Total income		33,442,026	35,049,874
Staff costs	27	(9,287,259)	(9,263,909)
Changes in credit loss allowance	28	1,597,751	(905,000)
Other operating expenses	29	(17,615,710)	(16,133,973)
Expenses before amortization and finance costs		(25,305,218)	(26,302,882)
Earnings before interest, taxes and amortisation		8,136,808	8,746,992
Amortisation and depreciation		(1,591,457)	(1,721,904)
Impairment loss on investment in subsidiary	15	-	(2,709,593)
Finance costs	30	(11,601,456)	(11,463,059)
Loss before tax		(5,056,105)	(7,147,564)
Income tax credit	31	1,786,030	1,311,008
Loss for the year		(3,270,075)	(5,836,556)

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)
Year ended January 31, 2020

	2020	2019
	$	$
Loss for the year	(3,270,075)	(5,836,556)
Other comprehensive loss for the year:		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation of buildings, net of tax, representing other comprehensive income for the year, net of tax	410,677	1,009,141
Total comprehensive loss for the year	(2,859,398)	(4,827,415)

See accompanying notes to financial statements.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended January 31, 2020

	Share capital	Asset revaluation reserve	Revenue reserve	Total reserve	Total
	$	$	$	$	$
At February 1, 2018	4,704,056	24,800,972	17,547,475	42,348,447	47,052,503
Total comprehensive loss for the year:					
Loss for the year	-	-	(5,836,556)	(5,836,556)	(5,836,556)
Other comprehensive income for the year	-	1,009,141	-	1,009,141	1,009,141
Total	-	1,009,141	(5,836,556)	(4,827,415)	(4,827,415)
At January 31, 2019	4,704,056	25,810,113	11,710,919	37,521,032	42,225,088
Total comprehensive loss for the year:					
Loss for the year	-	-	(3,270,075)	(3,270,075)	(3,270,075)
Other comprehensive income for the year	-	410,677	-	410,677	410,677
Total	-	410,677	(3,270,075)	(2,859,398)	(2,859,398)
At January 31, 2020	4,704,056	26,220,790	8,440,844	34,661,634	39,365,690

See accompanying notes to financial statements.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

STATEMENT OF CASH FLOWS
Year ended January 31, 2020

	2020	2019
	$	$
Operating activities		
Loss before tax	(5,056,105)	(7,147,564)
Adjustments for:		
Depreciation of property and equipment	580,306	735,212
Depreciation of right-of-use assets	760,947	-
Amortisation of computer software	250,204	986,692
Gain on disposal of property and equipment	(13,000)	(2,501)
Gain on revaluation of investment property	-	(100,000)
Changes in credit loss allowance	(1,597,751)	905,000
Impairment loss on investment in subsidiaries	-	2,709,593
Interest income	(4,751,527)	(3,799,391)
Interest on lease liabilities	43,827	-
Provision for reward points	(328,463)	(305,953)
Finance costs	11,557,629	11,463,059
Operating cash flows before changes in working capital	1,446,067	5,444,147
Changes in working capital:		
Inventories	(44,452)	(6,090)
Trade and other receivables	(2,158,112)	(3,788,013)
Prepayments	329,253	(215,214)
Amounts due from related companies	766,309	2,070,702
Amounts due to related companies	6,060,420	3,887,969
Trade and other payables	31,413,194	(6,490,600)
Cash generated from operations	37,812,679	902,901
Interest paid on lease liabilities	(43,827)	
Income taxes refund	-	6,846
Net cash from operating activities	37,768,852	909,747
Investing activities		
Proceeds from sale of property and equipment	13,000	2,501
Purchase of property and equipment	(75,608)	(78,279)
Purchase of computer software	(257,478)	(73,189)
Net cash used in investing activities	(320,086)	(148,967)
Financing activities		
Repayment of lease liabilities	(305,906)	-
Payments of obligations under finance leases	(32,740)	(298,684)
Increase in amount due to related company in respect of funding from investors	120,523	6,286,107
Interest paid	(11,557,629)	(11,463,059)
Net cash used in financing activities	(11,775,752)	(5,475,636)
Net increase (decrease) in cash and cash equivalents	25,673,014	(4,714,856)
Cash and cash equivalents overdrawn at beginning of year	(24,339,303)	(19,624,447)
Cash and cash equivalents (overdrawn) at end of year (Note 7)	1,333,711	(24,339,303)

See accompanying notes to financial statements.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

1 GENERAL

Diners Club (Singapore) Private Limited (the "Company") (Registration Number 197300502W) is incorporated in Singapore with its principal place of business and registered office at 7500-E Beach Road #03-201 The Plaza, Singapore 199595. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are the provision of charge card and credit card services in Singapore under the Diners Club cards franchise.

The principal activities of its subsidiaries are those as disclosed in Note 15 of the financial statements.

The financial statements of the Company for the year ended January 31, 2020 were authorised for issue by the Board of Directors on September 29, 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

2.2 ADOPTION OF NEW AND REVISED STANDARDS - On February 1, 2019, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

FRS 116 *Leases*

FRS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of FRS 116 on the company's financial statements is described below.

The date of initial application of FRS 116 for the company is February 1, 2019.

The company has applied FRS 116 using the cumulative catch-up approach which:

- requires the company to recognise the cumulative effect of initially applying FRS 116 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under FRS 17 and INT FRS 104.

(a) Impact of the new definition of a lease

The company has made use of the practical expedient available on transition to FRS 116 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with FRS 17 and INT FRS 104 will continue to be applied to those leases entered or changed before February 1, 2019.

The change in definition of a lease mainly relates to the concept of control. FRS 116 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in FRS 17 and INT FRS 104.

The company applies the definition of a lease and related guidance set out in FRS 116 to all lease contracts entered into or modified on or after February 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in FRS 116 does not significantly change the scope of contracts that meet the definition of a lease for the company.

(b) Impact on lessee accounting

Former operating leases

FRS 116 changes how the company accounts for leases previously classified as operating leases under FRS 17, which were off-balance-sheet.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

Applying FRS 116, for all leases, the company:

(a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with FRS 116.C8(b)(ii);

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under FRS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under FRS 116, right-of-use assets are tested for impairment in accordance with FRS 36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the company has opted to recognise a lease expense on a straight-line basis as permitted by FRS 116. This expense is presented within other operating expenses in the statement of profit or loss.

The company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying FRS 17.

- The company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- The company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- The company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

- The company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases applying FRS 17, the carrying amount of the leased assets and obligations under finance leases measured applying FRS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying FRS 116 from February 1, 2019.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

(c) Financial impact of initial application of FRS 116

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on February 1, 2019 is 6.5%.

The following table shows the operating lease commitments disclosed applying FRS 17 at January 31, 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	2020
	$
Operating lease commitments at January 31, 2019	608,362
Less: Effect of discounting the above amounts	(37,040)
Add: Present value of lease payments that are not previously included in operating lease commitments	165,831
	737,153
Add: Finance lease liabilities recognised under FRS 17 at January 31, 2019	32,740
Lease liabilities recognised as at February 1, 2019	769,893

The company has assessed that there is no tax impact arising from the application of FRS 116.

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of $737,153 were recognised on February 1, 2019, and the net impact on retained earnings of $Nil was recognised on February 1, 2019.

During the year, property and equipment and computer software previously held under finance lease applying FRS 17, which carrying amounts amounted to $871,484, have been reclassified to 'rights-of-use assets' under FRS 116 at date of initial application.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the company were issued but not yet effective:

- Amendments to FRS 1 *Presentation of Financial Statements* and FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*

- Amendments to References to the Conceptual Framework in FRS Standards

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements in the period of their initial adoption.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

2.3 CONSOLIDATED FINANCIAL STATEMENTS - The financial statements of the subsidiaries have not been consolidated with the Company's financial statements as Johan Holdings Berhad (incorporated in Malaysia), the Company's penultimate holding company prepares consolidated financial statements that are publicly available. The registered address of Johan Holdings Berhad is as follows:

11th Floor Wisma E&C,
No.2, Lorong Dungun Kiri,
Damansara Heights,
50490 Kuala Lumpur,
Malaysia.

2.4 INVESTMENT IN SUBSIDIARIES - Subsidiaries are those entities in which the Company has an interest of more than one half of the voting rights or otherwise the power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity.

Investment in subsidiaries are carried at cost less any impairment losses.

2.5 SPECIAL PURPOSE ENTITIES - Special purpose entities are those entities in which the Company holds little or no equity. They are considered as subsidiaries if the Company is assessed to have control over them.

Such control can be demonstrated through predetermination of the entities' activities, exposure to and retention of majority of its residual or ownership risks, and decision-making powers to obtain majority of benefits of the entities.

2.6 FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

Classification of financial assets

Debt instruments mainly comprise cash and bank balances and trade and other receivables that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Interest income is recognized in profit or loss and is included in the "Interest Income" line item.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The company always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The macroeconomic factors used include inflation rates and unemployment rates, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise. The company presumes a 100% probability of default for trade receivables that are overdue by 361 days or more.

The company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The company considers that default has occurred when a financial asset is more than 90 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, together with the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade payables, other payables and amounts due to related companies are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised based on an effective interest rate method.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

2.7.1 LEASES (before February 1, 2019) - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

The Company as lessee

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.7.2 LEASES (from February 1, 2019)

The company as lessor

The company enters into lease agreements as a lessor with respect to its investment property.

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

The company as lessee

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets that were previously recognized as finance leases are depreciated over the useful life of the underlying asset.

The right-of-use assets are presented as a separate line in the statement of financial position.

The company applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.12.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

2.8 INVENTORIES - Inventories comprise credit cards and are stated at the lower of cost and net realisable value.

2.9 PROPERTY AND EQUIPMENT - All items of property and equipment are initially stated at cost. Subsequent to recognition, property and equipment except for leasehold office units are measured at cost less accumulated depreciation and any impairment losses. The cost includes the cost of replacing part of the property and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property and equipment. The cost of an item of property and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of property and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold office units are stated in the statement of financial position at their revalued amounts, being the fair value on the date of revaluation less accumulated depreciation and impairment. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period. (See Note 12)

Any revaluation increase arising on the revaluation of the leasehold office units is recognised in other comprehensive income and accumulated in asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such leasehold office units is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold office units	-	Over remaining period of the lease expiring in September 2067
Computers	-	7 years
Furniture and fittings	-	10 years
Office equipment and tools	-	10 years
Leasehold improvements and renovation	-	5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

2.10 INVESTMENT PROPERTY - Investment property is property held to earn rentals, rather than for administrative purposes, or in the ordinary course of business.

Investment property is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from the changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on derecognition of the investment property is recognised in profit or loss in the period in which the investment property is derecognised.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property and equipment to the date of change in use.

2.11 INTANGIBLE ASSETS - Computer software represents intellectual property rights acquired from a third party. Computer software is stated at cost less accumulated amortisation and impairment losses, if any. It is amortised over a period of 7 years on a straight-line basis. The estimated useful life and amortisation method are reviewed at the end of the annual reporting period, with the effect of any change in estimate being accounted for on a prospective basis.

2.12 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

2.13 PROVISIONS - Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.14 REVENUE - Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product to a customer.

Rendering of services

Revenue from charge and credit card commissions are recognised at the point of transaction at service establishments. Annual subscription fees are recognised on a time-apportionment basis over the membership period. Revenue from inactive accounts are recognised when recovered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income is recognised when the Company's right to receive dividend is established.

Rental income

The Company's policy for recognition of revenue from operating leases is described above.

2.15 BORROWING COSTS - Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 RETIREMENT BENEFIT COSTS - Payments to defined contribution plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution plan.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

2.17 EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.18 INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment property measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

2.19 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is Singapore dollars (“$”).

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

Transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2.20 CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The management is of the opinion that any instances of applications of the judgement are not expected to have a significant effect on the amounts recognised in the financial statement.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

(a) Loss allowance for amounts due from related companies

At the end of each reporting period, management performs assessments of loss allowance for amounts due from related companies, which is dependent on its holding company's ability to generate cash through the realisation of the fair value of the Company. Management has applied judgement in estimating the fair value of the Company, which includes considerations of precedent transactions as well as current replacement cost valuation. Management has carried out sensitivity analysis on its fair value estimate, and is confident that the carrying amount of loans receivables from its holding companies will be recovered in full. The critical inputs to the current replacement cost model include credit card acquisition costs, merchant acquisition costs, number of cardholders and merchants and relevant growth and attrition rates, number of employees and relevant employment costs, as well as an estimation for quick-to-market goodwill. The replacement cost model assumes a 5 years period to replicate the Company's current operation.

As disclosed in Note 10, the net carrying amount of amounts due from related companies as of January 31, 2020 was $86,097,095 (2019 : $78,432,129).

(b) *Calculation of credit loss allowance*

When measuring ECL, the company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The amounts of credit loss allowances are disclosed in Note 8.

(c) Impairment of investment in subsidiaries

At the end of each reporting period, management performs an impairment assessment of its investment in subsidiaries. In determining whether an impairment loss should be recorded in profit or loss, management exercises judgement on whether there is any observable data indicating a measurable decrease in the estimated future cash flows or expected proceeds from disposal of such investments.

The amounts of impairment of investment in subsidiaries are disclosed in Note 15.

(d) Provision for reward points

The provision for reward points pertain to the amounts awarded to card members based on the spending on their credit cards that could be redeemed for services and merchandises at a later date. Management estimates the fair value which is expected to be redeemed based on the historical trend of redemption pattern and fair value of the rewards that can be redeemed for.

The net carrying amount of the provision for reward points are disclosed in Note 20.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2020	2019
	$	$
Financial assets		
Amortised Cost	274,181,037	267,611,292
Financial liabilities		
Amortised cost	280,908,159	270,460,710
Lease liabilities	431,247	-

(b) Financial risk management policies and objectives

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign exchange risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Directors. The Company does not apply hedge accounting.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade receivables, other receivables and amount due from related companies. For other financial assets (including cash and cash equivalents), the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. Ongoing credit evaluation is performed on the financial condition of the receivables. The Company does not have any significant credit risk exposure to any single counterparty, except for amounts due from related companies as disclosed in Note 10.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

The Company places its cash and bank balances with creditworthy financial institutions. The nature of these balances are short-term. Accordingly, management considers the probability of default associated with cash and bank balances to be immaterial, and did not recognise any impairment using 12-month ECL on these balances.

The Company's other receivables comprise of sundry deposits and recoverables in relation to the Asset Securitisation program. The counterparties of these arrangements are considered to have low probability of default. Accordingly, management is of the view that impairment using 12-month ECL is immaterial.

Amounts due from related companies are not past due, and the probability of default from these related companies are considered to be low. Accordingly, management is of the view that impairment using 12-month ECL is immaterial. Further details of management's assessment of loss allowances for amounts due from related companies are disclosed in Note 3(a).

The Company's exposure to credit risk arises primarily from trade receivables. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical experience on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Refer to Note 8 for more details.

Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company adopt prudent liquidity risk management by maintaining sufficient cash and cash equivalents, and available funding through an adequate amount of uncommitted credit facilities. The Company's Asset Securitisation Program disclosed in Note 8 enables it to obtain funds that are crucial to its liquidity.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

The table below details the remaining contractual maturity of the Company's financial assets and liabilities at the end of the reporting period.

	1 year or less	1 to 5 years	Adjustments	Total
	$	$	$	$
2020				
Financial assets				
Cash and bank balances	1,800,725	-	-	1,800,725
Trade receivables	176,988,962	-	-	176,988,962
Other receivables	1,076,906	-	-	1,076,906
Amounts due from related companies	94,658,247	-	(343,803)	94,314,444
	274,524,840	-	(343,803)	274,181,037
Financial liabilities				
Loans and borrowings	(6,585,791)	-	118,777	(6,467,014)
Trade payables	(96,914,920)	-	-	(96,914,920)
Other payables	(9,294,456)	-	-	(9,294,456)
Lease liabilities	(349,733)	(107,775)	26,261	(431,247)
Amount due to related companies	(68,741,492)	(100,748,786)	1,258,509	(168,231,769)
	(181,886,392)	(100,856,561)	1,403,547	(281,339,406)
Total net undiscounted financial assets (liabilities)	92,638,448	(100,856,561)	1,059,744	(7,158,369)

	1 year or less	1 to 5 years	Adjustments	Total
	$	$	$	$
2019				
Financial assets				
Cash and bank balances	2,913,878	-	-	2,913,878
Trade receivables	171,332,954	-	-	171,332,954
Other receivables	3,035,234	-	-	3,035,234
Amounts due from related companies	90,644,257	-	(315,031)	90,329,226
	267,926,323	-	(315,031)	267,611,292
Financial liabilities				
Loans and borrowings	(35,074,715)	-	1,821,534	(33,253,181)
Trade payables	(70,839,375)	-	-	(70,839,375)
Other payables	(3,956,619)	-	-	(3,956,619)
Finance lease obligations	(33,019)	-	279	(32,740)
Amount due to related companies	(62,840,458)	(100,754,699)	1,216,362	(162,378,795)
	(172,744,186)	(100,754,699)	3,038,175	(270,460,710)
Total net undiscounted financial assets (liabilities)	95,182,137	(100,754,699)	2,723,144	(2,849,418)

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

Management believes that the Company has adequate resources to continue in operational existence for the foreseeable future based on that basis. Accordingly, the financial statements have been prepared on a going concern basis.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their loans and borrowings, amount due from and due to related companies, lease liabilities and finance lease obligation. The Company's trade receivables generally generate interest based on fixed rates.

The Company's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for the financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of instruments that have floating rates.

If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Company's loss before income tax would increase/decrease by $87,949 (2019 : increase/decrease by $89,796), arising mainly as a result of higher/lower interest expense on floating rate financial assets and liabilities. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Foreign exchange risk management

The Company transacts business in various foreign currencies including USD, and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and liabilities denominated in currencies other than the Company's functional currency are as follows:

	2020		2019	
	Liabilities	Assets	Liabilities	Assets
	$	$	$	$
United States Dollars	490,657	26,863	475,172	40,885

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

If the relevant foreign currency weakens by 10% against the functional currency of the Company, profit or loss will increase (decrease) by:

	Impact
	USD
	$
2020	
Profit or loss	46,379
2019	
Profit or loss	43,429

If the relevant foreign currency strengthens by 10% against the functional currency of the Company, profit or loss will (increase) decrease by the same amounts as disclosed above.

Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other receivables and payables, bank loans and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments, except for lease liabilities as disclosed in Note 19.

(c) Capital management policies and objectives

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. Policies are set to ensure that the capital maintained is adequate to support business growth, taking into consideration the underlying risks of the Company's business and other factors such as rating targets.

The Company monitors capital using a net debt to capital ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowings, trade and other payables, amount due to related companies, lease liabilities, less cash and bank balances. Capital includes loans and borrowings and equity attributable to the equity holders of the parent less the fair value adjustment reserve.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes since 2019.

The Company is not subjected to any externally imposed capital requirement.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

The following table presents the Company's net debt to capital ratio for the financial years ended January 31, 2020 and January 31, 2019.

	2020	2019
	$	$
Trade payables	96,914,920	70,839,375
Other payables	10,636,484	5,298,835
Amount due to related companies	168,231,769	162,050,825
Loans and borrowings	6,467,014	33,253,181
Finance lease obligations	-	32,740
Lease liabilities	431,247	-
	282,681,434	271,474,956
Less: Cash and bank balances	(1,800,725)	(2,913,878)
Net debt	280,880,709	268,561,078
Equity attributable to equity holders of the Company	39,365,690	42,225,088
Less: Asset revaluation reserve	(26,220,791)	(25,810,113)
Total capital	13,144,899	16,414,975
Capital and net debt	294,025,608	284,976,053
Net debt to capital ratio	95.53%	94.24%

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Johan Investment Pte Ltd, incorporated in the Republic of Singapore. The company's penultimate holding company is Johan Holdings Berhad, incorporated in Malaysia and is listed on Bursa Malaysia. The ultimate holding company is Sky Wealth Ventures Limited, incorporated in British Virgin Islands. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Company entered into the following trading transactions with related companies:

	2020	2019
	$	$
Penultimate holding company		
Allocation of expenses	8,080	1,502
Immediate holding company		
Payment on behalf	(15,484)	-
Interest income	(2,511,070)	(2,516,638)

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

	2020	2019
	$	$
Subsidiaries		
Rental income	(142,675)	(152,662)
Interest income	(1,921,084)	(962,671)
Commission	56,037	49,782
Royalties	(378)	856
Purchase of goods	30,634	15,916
Payment on behalf	(973,863)	-
Finance costs under Asset Securitisation Program (Note 30)	9,752,836	9,480,528
Related companies		
Payment on behalf	(11,160)	-
Interest income	(319,373)	(320,083)

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2020	2019
	$	$
Director's remuneration:		
- Salaries and related expenses	680,834	679,567
- Defined contribution plan	15,880	16,627
	696,714	696,194

7 CASH AND BANK BALANCES

	2020	2019
	$	$
Cash and bank balances	1,800,725	2,913,878
Less: Bank overdrafts (Note 16)	(467,014)	(27,253,181)
	1,333,711	(24,339,303)

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

8 TRADE RECEIVABLES

	2020	2019
	$	$
Securitised trade receivables	121,898,091	119,544,985
Non-securitised trade receivables- third parties	103,068,891	102,048,973
	224,966,982	221,593,958
Impairment loss allowance	(47,978,020)	(50,261,004)
	176,988,962	171,332,954

Trade receivables are unsecured, generally on 30 days (2019 : 30 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition, plus interest on the overdue balance for charge card and credit card receivables.

The movement of the credit loss allowance are as follows:

	2020	2019
	$	$
Balance at the beginning of the year	50,261,004	52,193,008
Loss allowance recognised in profit or loss during the year on:		
- (Reversal) Charge for the year (Note 28)	(1,597,751)	905,000
- Credit to profit or loss	(374,859)	(327,059)
- Written off	(310,374)	(2,509,945)
Balance at end of the year	47,978,020	50,261,004

Securitised trade receivables

Securitised trade receivables represent the balances of the Eligible Receivables portfolio sold under the Asset Securitisation Program ("ASP") to DFS Asset Purchase Pte. Ltd ("DFSAP"), a special purpose entity set up for the purpose to raise funds of up to $223 million through the securitisation of Eligible Receivable. In September 2019, the program has been extended for a 60-month period until September 2024.

Eligible Receivables is calculated monthly in accordance with the ASP and generally means gross receivable amounts excluding accounts that are 181 or more days past due.

During the period of the program, the Eligible Receivable outstanding as at the 10th working day before the seventh of each month ("calculation date") will be sold to DFSAP subject to the ASP. The collections from the securitised trade receivables, received by the Company in trust for DFSAP between 2 settlement dates (6th calendar day of two consecutive months) will be utilised as follows:

(a) 10% of the collections up to the Target Interest Collection will be used by DFSAP to meet the financing costs, administrative expenses and other costs incurred relating to the program; and

(b) the balances of the collections will be advanced by DFSAP to the Company on a daily basis for the purchase of new receivables at the next calculation date.

The securitised trade receivables were not derecognised as the Company is deemed to have retained substantially the risks and rewards.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

The gross carrying amount of the securitised trade receivables of $121,898,091 (2019 : $119,544,985) represents the end-of-period carrying amounts of the Eligible Receivable sold on the calculation date.

The gross carrying amount of the non-securitised trade receivables of $103,068,891 (2019 : $102,048,973) represents the end-of period carrying amounts of receivables not sold yet, which include both eligible and ineligible receivables.

In DFSAP, a trust is declared over the Eligible Receivable sold by the Company. The ownership of the trust assets is held through six certificates of beneficial interest, namely Class A certificates, Class B certificates, Class C certificates, Class D certificates and Seller certificates. Seller certificates are the certificates representing the Company's interest in the trust assets. The proceeds from the certificates will be used to repay the Company for the sold receivables on each receivable purchase date (i.e. each business day other than 7th of each month).

As disclosed in Note 21, by virtual of the Asset Securitisation Program, the Company's trade receivables are used to secure the funding certificates issued by DFSAP.

The following table details the risk profile of trade receivables based on the Company's expected credit loss model. As of January 31, 2020, the stage 3 allowance is $46,713,805 (2019 : $48,708,829). The movement in stage 3 allowance during the year is $(1,995,024) (2019 :$(379,829).

	Trade receivables - days past due					
2020	Not past due	< 30 days	31-90 days	91-360 days	> 360 days	Total
ECL rates	0.42%	0.42%	2.20%	2.50%	62.73%	-
	$	$	$	$	$	$
Gross carrying amounts	106,039,254	9,991,471	28,990,142	5,477,089	74,469,026	224,966,982
12-month ECL	(447,191)	(42,136)	-	-	-	(489,327)
Lifetime ECL	-	-	(637,752)	(137,136)	(46,713,805)	(47,488,693)
Total ECL						(47,978,020)
Net trade receivables						176,988,962

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

2019	Trade receivables - days past due Not past due	< 30 days	31-90 days	91-360 days	> 360 days	Total
ECL rates	0.45%	0.45%	4.12%	2.70%	63.6%	-
	$	$	$	$	$	$
Gross carrying amounts	108,496,144	10,139,902	21,071,149	5,335,568	76,551,195	221,593,958
12-month ECL	(493,299)	(46,103)	-	-	-	(539,402)
Lifetime ECL	-	-	(868,862)	(143,911)	(48,708,829)	(49,721,602)
Total ECL						(50,261,004)
Net trade receivables						171,332,954

9 OTHER RECEIVABLES

	2020	2019
	$	$
Sundry deposits	203,867	207,528
Tax refundable	638,337	-
Other recoverable	873,039	2,827,706
	1,715,243	3,035,234

10 AMOUNTS DUE FROM RELATED COMPANIES

	2020	2019
	$	$
Immediate holding company (a)#	39,038,112	36,511,558
Intermediate holding companies (b)#	6,273,779	5,954,406
Subsidiaries (c)#	40,784,954	35,560,212
Fellow subsidiaries	250	405,953
	86,097,095	78,432,129
Amounts due under Asset Securitisation Program (Note 8) (d)	8,217,349	11,897,097
Total	94,314,444	90,329,226

Amount due from related companies are not past due as at January 31, 2020 and 2019.

a) The amount due from immediate holding company is non-trade, repayable on demand, unsecured, bears interest rates which range from 6.26% to 7.57 % (2019 : 6.73 to 7.50%) per annum and is expected to be settled in cash.

b) The amount due from intermediate holding company is non-trade, repayable on demand, unsecured, bears interest rates which range from 4.95% to 5.90 % (2019 : 5.17 to 5.77%) per annum and is expected to be settled in cash.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

c) The amount due from subsidiaries are non-trade related, unsecured and bear interest rates which range from 3.00% to 3.54 % (2019 : 3.04% to 3.54%) per annum. These amounts are repayable on demand and are expected to be settled in cash.

d) The amount due under Asset Securitisation Program represents the carrying value of Sellers certificate less financing charges, administrative expenses and other related costs, as described in Note 8.

[#] Management had performed an assessment of loss allowance for amounts due from related companies, which is dependent on its holding company's ability to generate cash through the realisation of the fair value of the Company. Management has applied judgement in estimating the fair value of the Company, which includes considerations of precedent transactions as well as current replacement cost valuation. Management has carried out sensitivity analysis on its fair value estimate, and is confident that the carrying amount of loans receivables from its holding companies will be recovered in full. The critical inputs to the current replacement cost model include credit card acquisition costs, merchant acquisition costs, number of cardholders and merchants and relevant growth and attrition rates, number of employees and relevant employment costs, as well as an estimation for quick-to-market goodwill. The replacement cost model assumes a 5 years period to replicate the Company's current operation.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

11 PROPERTY AND EQUIPMENT

	At valuation	At cost				
	Leasehold office units (*)	Computers	Furniture and fittings	Office equipment and tools	Leasehold improvement and renovation	Total
	$	$	$	$	$	$
Cost:						
At January 31, 2018	23,250,000	1,238,369	23,375	427,569	240,466	25,179,779
Additions	-	38,539	-	5,160	34,580	78,279
Disposal	-	(71,408)	(801)	(95,488)	(110,990)	(278,687)
Revaluation	500,000	-	-	-	-	500,000
At January 31, 2019	23,750,000	1,205,500	22,574	337,241	164,056	25,479,371
Adoption of FRS 116 (Note 2.2)	-	(862,887)	(10,340)	(10,960)	(21,540)	(905,727)
At February 1, 2019	23,750,000	342,613	12,234	326,281	142,516	24,573,644
Additions	-	71,108	-	2,000	2,500	75,608
At January 31,2020	23,750,000	413,721	12,234	328,281	145,016	24,649,252
Accumulated depreciation:						
At January 31, 2018	116,250	719,532	14,915	181,314	134,697	1,166,708
Charge for the year	477,891	174,524	3,263	36,553	42,981	735,212
Disposal	-	(71,408)	(801)	(95,487)	(110,990)	(278,686)
Elimination on revaluation	(594,141)	-	-	-	-	(594,141)
At January 31, 2019	-	822,648	17,377	122,380	66,688	1,029,093
Adoption of FRS 116 (Note 2.2)	-	(543,593)	(7,989)	(6,004)	(16,155)	(573,741)
At February 1, 2019	-	279,055	9,388	116,376	50,533	455,352
Charge for the year	494,792	24,782	1,315	30,622	28,795	580,306
Elimination on revaluation	(494,792)	-	-	-	-	(494,792)
At January 31, 2020	-	303,837	10,703	146,998	79,328	540,866
Carrying amount:						
At January 31,2020	23,750,000	109,884	1,531	181,283	65,688	24,108,386
At February 1, 2019 (restated)	23,750,000	63,558	2,846	209,905	91,983	24,118,292
At January 31, 2019	23,750,000	382,852	5,197	214,861	97,368	24,450,278

(*) The Plaza building.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

The lease hold office units and the investment property disclosed in Note 13 comprise level 2, 3 and 4 of the Plaza building (the "building), located at 7500E Beach Road, Singapore 199595. The building is under a lease period of 99 years commencing September 1968.

The building is mortgaged to secure the Company's banking facility as disclosed in Note 16.

The building is stated at revalued amounts. The fair value measurements of the building as at January 31, 2020 were performed by GSK Global Pte Ltd (2019 : Robert Khan & Co Pte Ltd), independent valuers not connected with the Company, who have appropriate qualifications and recent experience in the fair value measurement of the properties in the relevant locations.

The fair value of the building was measured using Level 3 inputs under the fair value hierarchy. There were no transfers between Level 1, 2 and 3 during the year.

As at January 31, 2020, the fair value of the building was $28,500,000 (2019 : $28,500,000), of which, the fair value of the leasehold office units was $23,750,000 (2019 : $23,750,000) and the fair value of the investment property was $4,750,000 (2019 : $4,750,000).

In determining the fair value of the building, the following inputs to the valuation model have been used:

	Valuation techniques	**Significant unobservable inputs**	**Sensitivity**
The building	Direct comparison approach	Sale price per square feet of comparable buildings within the vicinity	An increase/decrease in average sale price per square feet of comparable buildings within the vicinity by 5% will result in an increase/decrease in fair value by $1,425,000.

The carrying amount of the leasehold office units, had it been carried at cost less accumulated depreciation, would have been $1,029,718 (2019 : $1,052,023).

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

12 RIGHT-OF-USE ASSETS

The company leases several assets including office spaces, office equipment and computer software. The average lease term is 5 years.

	Computer software	Furniture and fittings	Renovation	Leasehold office units	Equipment	Total
	$	$	$	$	$	$
Cost:						
At February 1, 2019	2,732,366	10,340	21,540	-	873,847	3,638,093
Additions	-		-	571,322	165,831	737,153
At January 31, 2020	2,732,366	10,340	21,540	571,322	1,039,678	4,375,246
Accumulated depreciation:						
At February 1, 2019	2,192,869	7,989	16,155	-	549,596	2,766,609
Charge for the year	308,101	1,477	4,308	285,661	161,400	760,947
At January 31, 2020	2,500,970	9,466	20,463	285,661	710,996	3,527,556
Carrying amount:						
At January 31, 2020	231,396	874	1,077	285,661	328,682	847,690

13 INVESTMENT PROPERTY

	2020	2019
	$	$
Balance at beginning of year	4,750,000	4,650,000
Gain from fair value adjustment included in profit or loss	-	100,000
Balance at end of year	4,750,000	4,750,000

These include the following related to investment properties classified under Level 3 of the fair value hierarchy:

	2020	2019
	$	$
Gain from fair value adjustment included in profit or loss	-	100,000

Details of te investment property held by the Company and its fair value measurement is disclosed in Note 11.

The rental income from the Company's investment property leased out under operating leases, amounted to $142,675 (2019 : $142,675). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $22,721 (2019 : $27,000).

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

14 COMPUTER SOFTWARE

	Computer Software
	$
Cost:	
At January 31, 2018	7,714,271
Addition	73,189
Disposal	(3,315,892)
At January 31, 2019	4,471,568
Adoption of FRS 116 (Note 2.2)	(2,732,366)
At February 1, 2019	1,739,202
Addition	257,478
At January 31, 2020	1,996,680
Accumulated amortisation:	
At January 31, 2018	5,455,306
Charge for the year	986,692
Disposal	(3,315,892)
At January 31, 2019	3,126,106
Adoption of FRS 116 (Note 2.2)	(2,192,869)
At February 1, 2019	933,237
Charge for the year	250,204
At January 31, 2020	1,183,441
Carrying amount:	
At January 31, 2020	813,239
At February 1, 2019	805,965
At January 31, 2019	1,345,462

15 INVESTMENT IN SUBSIDIARIES

	2020	2019
	$	$
Unquoted shares, at cost	22,090,153	22,090,153
Provision for impairment loss	(2,709,593)	(2,709,593)
Net	19,380,560	19,380,560

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

Details of the subsidiaries at the end of the financial year are as follows:

Name of Company (Country of incorporation and place of business)	Principal activities	Percentage of ownership interest 2020 %	2019 %
Held by the Company			
Diners World Travel Pte. Ltd (Singapore)	Ticketing and tour management solutions provider.	100	100
DinersPay Pte. Ltd [1] (Singapore)	Payment processing, payment gateway and merchant acquiring services.	100	100
Strategic Usage Sdn. Bhd. [2] (Malaysia)	Investment holding.	100	100
Held by Strategic Usage Sdn. Bhd.			
Diners Club (Malaysia) Sdn. Bhd [2]	Provision of charge and credit card services under Diners Club franchise. The subsidiary had ceased its card issuing & merchant acquisition business in November 2016.	100	100
Held by Diners Club (Malaysia) Sdn. Bhd.			
Diners World Travel (Malaysia) Sdn. Bhd [2] (Malaysia)	Ticketing and tour management solutions provider.	100	100
Lumut Park Resort Sdn. Bhd [2] (Malaysia)	Resort related business and property development.	80	80

Details of the operating special purpose entity ("SPE") at end of financial year are as follows:

Name of entity	Purpose of special purpose entity	Country of incorporation
DFS Asset Purchase Pte. Ltd.[1]	Provision of financing arrangement between the Company and institutional lenders.	Singapore

[1] Audited by Deloitte & Touche LLP, Singapore.

[2] Audited by overseas practice of Deloitte Touche Tohmatsu Limited.

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

Although the Company does not hold shares in DFS Asset Purchase Pte. Ltd., it considered as a subsidiary as the activities of the SPE are being conducted on behalf of the Company according to its specific business needs and the Company retains the majority of the residual or ownership risks related to this company on their assets.

16 LOANS AND BORROWINGS

	Note	2020	2019
		$	$
Secured:			
- Bank overdrafts	7	467,014	27,253,181
- Revolving credit facilities		6,000,000	6,000,000
		6,467,014	33,253,181

The bank overdrafts and revolving credit facilities are denominated in SGD and secured by a charge over the Plaza building as disclosed in Note 11, and by corporate guarantees from the penultimate holding company, immediate holding company and a subsidiary. As at January 31, 2020, the Company is compliant with the covenants imposed by the bank.

The ranges of effective interest rates per annum were as follows:

	2020	2019
Bank overdrafts	6.25% to 6.50%	6.25% to 6.50%
Revolving credits	5.80% to 6.10%	5.40% to 5.85%

17 TRADE PAYABLES

Trade payables principally comprise amounts payable to merchants arising from the provision of charge card and credit card services. Trade payables are interest-free and the credit terms granted to the Company ranges from 1 to 90 days.

18 OTHER PAYABLES

	2020	2019
	$	$
Sundry payables	6,144,379	939,881
Accruals	3,150,077	3,016,738
Deferred income	1,342,028	1,342,216
	10,636,484	5,298,835

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

19 LEASE LIABILITIES

	2020
	$
Maturity Analysis:	
Year 1	349,733
Year 2	42,138
Year 3	31,092
Year 4	25,633
Year 5	8,912
	457,508
Less: Unearned interest	(26,261)
	431,247
Analysed as:	
Current	333,023
Non-current	98,224
	431,247

The company does not face a significant liquidity risk with regard to its lease liabilities.

Reconciliation of liabilities arising from financing activities:

	2020
	$
Beginning of financial year	769,893
Financing cashflows	(305,906)
Finance lease obligations	(32,740)
End of financial year	431,247

At January 31, 2019, the company had outstanding commitments under non-cancellable operating leases for the rental of office premises, which fall due as follows:

	2019
	$
Within one year	304,181
In the second to fifth years inclusive	304,181
	608,362

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

Finance leases

	Minimum lease payments	Present value of minimum lease payments
	2019	2019
	$	$
Amounts payable under finance leases:		
Within one year	33,019	32,740
Less: Future finance charges	(279)	-
Present value of minimum lease payments	32,740	32,740
Less: Amount due for settlement within 12 months (shown under current liabilities)		(32,740)
Amount due for settlement after 12 months		-

As at January 31, 2019, the company leased its computer, office equipment and software under finance leases. The average lease term was 3 years. The average effective borrowing rate was 6.5%. Interest rates were fixed at the contract date, and thus exposed the company to fair value interest rate risk, which management has assessed the impact to be immaterial. All leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

The company's obligations under finance leases are secured by the lessor's title to the leased assets.

As at January 31, 2020, there are no finance lease obligations.

20 PROVISION FOR REWARD POINTS

The provision for reward points pertain to the amounts awarded to card members based on the spending on their credit and charge cards that could be redeemed for services and merchandise at a later date. There is no expiry date attached to these reward points. The provision for reward points represents the fair value of services and merchandises for which the reward points can be redeemed.

	2020	2019
	$	$
Balance at beginning of the year	701,724	1,007,677
Charge to profit or loss	(242,205)	(162,899)
Utilisation	(86,258)	(143,054)
Balance at end of the year	373,261	701,724

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

21 AMOUNTS DUE TO RELATED COMPANIES

	2020	2019
	$	$
Amounts due under Asset Securitisation Program (Note 8)		
Current		
In respect of working capital and overdraft facility (a)	10,436,814	3,346,334
In respect of funding of noteholders' certificates (b)	59,002,570	58,882,047
Deferred borrowing cost	(528,817)	(327,970)
Non-current		
In respect of funding of noteholders' certificates (b)	100,000,000	100,000,000
Deferred borrowing cost	(837,293)	-
Others		
Current	158,495	150,414
Total		
Current	69,069,062	62,050,825
Non-current	99,162,707	100,000,000

a) The amount bears interest rates ranging from 4.06% to 6.75% (2019 : 3.75% to 6.75%) per annum, repayable based on terms and conditions set out in the Asset Securitisation Program and expected to be settled in cash. By virtual of the Asset Securitisation Program, the amount is secured by the Company's trade receivables as disclosed in Note 8.

b) The amount bears interest rates ranging from 4.12% to 15.46% (2019 : 4.48% to 15.25%) per annum, repayable based on terms and conditions set out in the Asset Securitisation Program. By virtual of the Asset Securitisation Program, the amount is secured by the Company's trade receivables as disclosed in Note 8.

Reconciliation of liabilities arising from financing activities:

	2020
	$
Beginning of financial year	162,050,825
Financing cashflows	120,523
Non-cash change	
Increase in amount due to related companies	6,060,421
End of financial year	168,231,769

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

22 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Company, and the movement thereon during the current and prior reporting periods:

	2020	2019
	$	$
At February 1	4,030,563	4,506,321
Charge to profit or loss (Note 31)	-	208,653
Overprovision in prior year	(599,938)	(785,415)
Transferred from revaluation reserve	84,115	101,004
At January 31	3,514,740	4,030,563

The deferred tax liabilities arise as a result of:

	2020	2019
Difference in depreciation for tax purpose	(29,151)	335,702
Revaluation surplus on leasehold office units	4,037,500	4,037,500
Interest income not remitted	895,737	823,127
Provision for reward points for card members	(63,454)	(119,293)
Provision for rebates	(46,184)	(49,837)
Provision for unutilised leave	(85,441)	(84,577)
Provision for electronic data capture expenses	(33,197)	(46,827)
Unabsorbed tax losses	(1,116,174)	(785,415)
Other temporary differences	(44,896)	(79,817)
Total	3,514,740	4,030,563

23 SHARE CAPITAL

	2020	2019	2020	2019
	No of ordinary shares		$	$
Issued and paid up:				
At the beginning of the year and end of year	4,645,256	4,645,256	4,704,056	4,704,056

Fully paid ordinary shares, which have no par value, carry one vote per share without restrictions and carry a right to dividends as and when declared by the Company.

24 REVENUE

	2020	2019
	$	$
Credit cards and charge cards operation	26,515,649	29,978,487

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

25 INTEREST INCOME

	2020	2019
	$	$
Interest income from:		
Loans to immediate holding company (Note 5)	2,511,070	2,516,638
Loans to subsidiaries (Note 5)	1,921,084	962,671
Loans to related companies (Note 5)	319,373	320,082
	4,751,527	3,799,391

26 OTHER OPERATING INCOME

	2020	2019
	$	$
Foreign exchange gain, net	41,531	86,407
Bad debts recovered (trade)	1,437,661	61,510
Electronic data capture terminal income	271,703	355,095
Rental income	307,154	277,339
Other income	116,801	491,645
	2,174,850	1,271,996

27 STAFF COSTS

	2020	2019
	$	$
Staff costs:		
- salaries and related expenses	7,617,356	7,648,889
- defined contribution plan	973,189	918,826
Directors' remuneration:		
- salaries and related expenses	680,834	679,567
- defined contribution plan	15,880	16,627
Total	9,287,259	9,263,909

28 CHANGES IN CREDIT LOSS ALLOWANCE

	2020	2019
	$	$
Credit loss allowance:		
Trade receivables	(1,597,751)	905,000

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

29 OTHER OPERATING EXPENSES

	2020	2019
	$	$
Promotion expenses	6,636,803	5,770,833
Electronic data capture terminal expenses	3,214,366	3,195,769
Credit card-related expenses	1,384,443	1,094,932
Office maintenance	1,967,629	1,681,887
Receivable securitisation program expenses	859,406	892,244
Investigation and collection expenses	1,214,209	1,106,633
Administration expense	1,166,034	1,103,317
Rental expense	46,745	356,791
Telecommunication expense	506,092	442,268
Travel and entertainment expense	272,769	256,012
Gain on disposal of property and equipment	(13,000)	(2,500)
Gain from fair value adjustment of investment property	-	(100,000)
Others	347,214	335,787
Total	17,602,710	16,133,973

30 FINANCE COSTS

	2020	2019
	$	$
Interest expense on:		
- Asset Securitisation Program (Note 5)	9,752,836	9,480,528
- loans and borrowings	1,804,514	1,977,325
- finance lease obligations	-	5,206
- lease liabilities	43,827	-
- others	279	-
	11,601,456	11,463,059

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

31 INCOME TAX CREDITs

	2020	2019
	$	$
Current income tax:		
- Current year	150,688	(420,291)
- Overprovision in respect of the previous years	(1,336,780)	(323,769)
	(1,186,092)	(744,060)
Deferred tax:		
- Relating to origination and reversal of temporary differences (Note 22)	-	208,653
- Overprovision in respect of the previous years	(599,938)	(785,415)
	(599,938)	(576,762)
Withholding tax	-	9,814
Total	(1,786,030)	(1,311,008)

Domestic income tax is calculated at 17% (2019 : 17%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	2020	2019
	$	$
Loss before tax	(5,056,105)	(7,147,564)
Tax at statutory tax rate of 17% (2019 : 17%)	(859,538)	(1,215,086)
Adjustments:		
Effect of non-deductible expenses	330,945	825,257
Effect of tax concessions	(5,565)	(89,538)
Deferred tax benefit relating to the origination and reversal of temporary differences	26,617	208,653
Income not subject to tax	(80,226)	-
Withholding tax	-	9,814
Overprovision in prior years:		
Current tax	(1,336,780)	(323,769)
Deferred tax	(599,938)	(785,415)
Others	738,454	59,076
Income tax credit recognised in profit or loss	(1,786,030)	(1,311,008)

Income tax relating to each component of other comprehensive income

	2020	2019
	$	$
Deferred tax		
Revaluation of land and building	84,115	101,004

DINERS CLUB (SINGAPORE) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS
Year ended January 31, 2020

32 EVENTS AFTER REPORTING PERIOD

The recent global outbreak of the coronavirus ("COVID-19") has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact are uncertain and cannot be predicted. The Company considers the outbreak to be a non-adjusting event for the financial year ended January 31, 2020. As the situation is fluid and rapidly evolving, management does not consider it practicable to provide a quantitative estimate of the potential impact of the outbreak on the Company's subsequent financial statements

Notwithstanding this, management has assessed that the Company is still able to maintain sufficient liquidity to enable the Company to continue as a going concern for at least the next 12 months from the end of the reporting period. The impact of the outbreak on the macroeconomic forecasts and other key input indicators relevant to the Company's counterparty portfolio will be incorporated into the Company's FRS 109 estimates of expected credit loss allowances in 2021, which includes the determination of the severity and likelihood of downside economic scenarios, and extent whereby exposures have experienced significant increase in credit risk since initial recognition.

1. HISTORY AND BUSINESS

DPPL was incorporated in Singapore on 29 September 1986 as a private limited company. DPPL is principally in payment processing, payment gateway and merchant acquiring services. The principal market of DPPL is in Singapore.

2. SHARE CAPITAL

As at the LPD, DPPL has an issued share capital of SGD500,002 comprising 500,002 ordinary shares.

3. SHAREHOLDERS AND BOARD OF DIRECTORS

DPPL is 100.0%-owned by DCS, which in turn wholly-owned by JIPL, which is a wholly-owned subsidiary of Johan. As at the LPD, the directors of DPPL are Peter Tam Kui Pui and James Koh Chuan Lim.

4. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, DPPL does not have any subsidiary nor does it own any associated company.

5. MATERIAL COMMITMENTS

As at the LPD, the board of directors of DPPL is not aware of any material commitments incurred or known to be incurred by DPPL that has not been provided for, which may have a material impact on the financial results/ position of DPPL.

6. CONTINGENT LIABILITIES

As at the LPD, the board of directors of DPPL is not aware of any contingent liabilities incurred or known to be incurred by DPPL, which upon becoming enforceable, may have a material impact on the financial results/ position of DPPL.

7. FINANCIAL INFORMATION

A summary of the financial information of DPPL for the past 3 financial years up to the FYE 31 January 2020 and the latest unaudited FPE 31 October 2020 is set out as follows:-

	<---------------------------Audited	------------------------------	------------------------------>	Unaudited	Unaudited
	FYE 31 January 2018 SGD'000	**FYE 31 January 2019 SGD'000**	**FYE 31 January 2020 SGD'000**	**FPE 31 October 2019 SGD'000**	**FPE 31 October 2020 SGD'000**
Revenue	1	273	519	377	67
LBT	11	144	184	115	318
LAT	23	136	184	115	318
Shareholders' funds/ NA	656	519	336	404	17
Total borrowings	-	-	-	-	-
Dividend declared for the financial year	-	-	-	-	-
Total issued shares (unit)	500,002	500,002	500,002	500,002	500,002

	<------------------------Audited	------------------------	------------------------>	Unaudited	Unaudited
	FYE 31 January 2018 SGD'000	**FYE 31 January 2019 SGD'000**	**FYE 31 January 2020 SGD'000**	**FPE 31 October 2019 SGD'000**	**FPE 31 October 2020 SGD'000**
LBT margin (%)	1,100.00	52.69	35.45	30.51	476.65
LAT margin (%)	2,300.00	49.76	35.45	30.51	476.65
Gross EPS/ (LPS) (SGD)	(0.05)	(0.27)	(0.37)	(0.23)	(0.64)
NA per share (SGD)	1.31	1.04	0.67	0.81	0.03
Gearing level (times)	-	-	-	-	-

Commentary on past financial performance:-

For the audited FYE 31 January 2018 to FYE 31 January 2020:-

(iv) There was no exceptional or extraordinary items;

(v) There is no accounting policy(ies) adopted by DPPL, which is peculiar to DPPL due to the nature of its business and the industry in which it is involved in; and

(vi) DPPL's external auditors have not issued any audit qualification on its financial statements.

FYE 31 January 2019

For the FYE 31 January 2019, the revenue of DPPL increased by SGD0.27 million, representing more than 100% from the preceding year of SGD0.01 million to SGD0.27 million, mainly due to higher number of local consumption/ spending transactions by cardholders owned by Alipay application following the partnership between DPPL and Alipay. However, LBT was recorded at SGD0.14 million from LBT of SGD0.01 million in the preceding financial year due to higher administrative expenses incurred, specifically on the setting up cost of EDC with Alipay. Similarly, the LAT was also recorded at SGD0.14 million during the financial year, against the preceding financial year of LAT of SGD0.02 million.

For the FYE 31 January 2019, total NA of DPPL decreased from SGD0.66 million recorded from the preceding financial year to SGD0.52 million mainly attributable to the net loss of SGD0.14 million recorded during the financial year under review.

No dividend was declared for, or paid during the FYE 31 January 2019.

FYE 31 January 2020

For the FYE 31 January 2020, the revenue of DPPL increased by SGD0.25 million, representing approximately 90.1% from the preceding year of SGD0.27 million to SGD0.52 million, mainly due to higher number of local consumption/ spending transactions by cardholders owned by Alipay and WeChat applications. However, LBT was recorded at SGD0.18 million from LBT of SGD0.14 million in the preceding financial year due to higher administrative expenses incurred, specifically on the setting up cost of QR Code and EDC rental expense. Similarly, the LAT was also recorded at SGD0.18 million during the financial year, against the preceding financial year of LAT of SGD0.14 million.

For the FYE 31 January 2020, total NA of DPPL decreased from SGD0.52 million recorded from the preceding financial year to SGD0.34 million mainly attributable to the net loss of SGD0.18 million recorded during the financial year under review.

No dividend was declared for, or paid during the FYE 31 January 2020.

9-month FPE 31 October 2020

For the 9-month FPE 31 October 2020, the revenue of DPPL decreased by SGD0.31 million, representing approximately 82.2% from the preceding period of SGD0.38 million to SGD0.07 million, mainly due to the travel restriction across countries and the circuit breaker/ lock down as a result of the COVID-19 outbreak. Accordingly, LBT was recorded higher at SGD0.32 million from LBT of SGD0.12 million in the preceding financial period due to lower revenue recorded during the financial period. Similarly, the LAT was also recorded at SGD0.32 million during the financial period, against the preceding financial period of LAT of SGD0.12 million.

For the 9-month FPE 31 October 2020, total NA of DPPL decreased to SGD0.02 million from the latest audited of SGD0.34 million mainly attributable to the net loss of SGD0.32 million recorded during the financial period under review.

No dividend was declared for, or paid as of the FPE 31 October 2020.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

8. AUDITED FINANCIAL STATEMENTS OF DPPL FOR THE FYE 31 JANUARY 2020

Deloitte.

DINERSPAY PTE LTD
(Registration No. 198602112C)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

YEAR ENDED JANUARY 31, 2020

DINERSPAY PTE LTD

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

C O N T E N T S

DINERSPAY PTE LTD

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of the company for the financial year ended January 31, 2020.

In the opinion of the directors, the financial statements of the company set out on pages 6 to 23 are drawn up so as to give a true and fair view of the financial position of the company as at January 31, 2020 and the financial performance, changes in equity and the cash flows of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the company in office at the date of this statement are:

James Koh Chuan Lim
Peter Tam Kui Pui

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the name of directors	
Name of directors and company in which interest are held	At beginning of year	At end of year
Penultimate holding company		
Johan Holdings Berhad		
(Ordinary shares)		
James Koh Chuan Lim	30,000	30,000
Peter Tam Kui Pui	12,000	12,000

DINERSPAY PTE LTD

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the company was granted.

(b) *Options exercised*

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the company under option.

5 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

....
James Koh Chuan Lim

....
Peter Tam Kui Pui

June 30, 2020

Deloitte & Touche LLP
Unique Entity No. T08LL0721A
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com/sg

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

DINERSPAY PTE LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DinersPay Pte Ltd (the "company"), which comprise the statement of financial position as at January 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 23.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the company as at January 31, 2020 and of the financial performance, changes in equity and cash flows of the company 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 company 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 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

DINERSPAY PTE LTD

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 FRSs, 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

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:

(a) 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.

(b) 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 company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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 company'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 company to cease to continue as a going concern.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

DINERSPAY PTE LTD

(e) 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.

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.

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 have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

June 30, 2020

DINERSPAY PTE LTD

STATEMENT OF FINANCIAL POSITION
January 31, 2020

	Note	2020	2019
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	6	3,665,471	719,631
Trade and other receivables	7	253,710	560,197
Total current assets		3,919,181	1,279,828
Non-current assets			
Amount due from related company	8	201,619	201,619
Computer software	9	122,074	55,152
Total non-current assets		323,693	256,771
Total assets		4,242,874	1,536,599
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	447,195	607,352
Amount due to related companies	11	3,455,662	405,614
Provision for taxation		4,176	4,176
Total current liabilities		3,907,033	1,017,142
Capital and reserves			
Share capital	12	500,002	500,002
Accumulated (losses) profits		(164,161)	19,455
Total equity		335,841	519,457
Total liabilities and equity		4,242,874	1,536,599

See accompanying notes to financial statements.

DINERSPAY PTE LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended January 31, 2020

	Note	2020	2019
		$	$
Revenue	13	519,017	272,809
Other income		-	150
Administrative expenses		(702,633)	(417,410)
Loss before income tax		(183,616)	(144,451)
Income tax	14	-	8,064
Loss for the year, representing total comprehensive loss for the year	15	(183,616)	(136,387)

See accompanying notes to financial statements.

DINERSPAY PTE LTD

STATEMENT OF CHANGES IN EQUITY
Year ended January 31, 2020

	Share capital	Accumulated profits (losses)	Total
	$	$	$
Balance at February 1, 2018	500,002	155,842	655,844
Loss for the year, representing total comprehensive loss for the year	-	(136,387)	(136,387)
Balance at January 31, 2019	500,002	19,455	519,457
Loss for the year, representing total comprehensive loss for the year	-	(183,616)	(183,616)
Balance at January 31, 2020	500,002	(164,161)	335,841

See accompanying notes to financial statements.

DINERSPAY PTE LTD

STATEMENT OF CASH FLOWS
Year ended January 31, 2020

	2020	2019
	$	$
Operating activities		
Loss before income tax	(183,616)	(144,451)
Adjustment for:		
Amortisation of computer software	18,078	7,648
Operating cash flows before movements in working capital	(165,538)	(136,803)
Trade receivables	306,487	(533,124)
Trade and other payables	(160,157)	564,375
Amount due to related companies	3,050,048	346,576
Income taxes refund	-	12,240
Cash generated from operations, representing net cash from operating activities	3,030,840	253,264
Investing activity		
Purchase of computer software, representing net cash used in investing activity	(85,000)	(62,800)
Net increase in cash and cash equivalents	2,945,840	190,464
Cash and cash equivalents at beginning of year	719,631	529,167
Cash and cash equivalents at end of year	3,665,471	719,631

See accompanying notes to financial statements.

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

1 GENERAL

The company (Registration No. 198602112C) is incorporated in Singapore with its principal place of business and registered office at 7500-E Beach Road, #03-201 The Plaza, Singapore 199595. The financial statements are expressed in Singapore dollars.

The principal activity of the company is that of a payment processing, payment gateway and merchant acquiring services.

The financial statements of the company for the year ended January 31, 2020 were authorised for issue by the Board of Directors on June 30, 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

ADOPTION OF NEW AND REVISED STANDARDS – On the date of incorporation, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after February 1, 2019.

At the date of authorisation of financial statement, there are no new / revised FRS relevant to the company which are issued but not effective.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

Financial assets

Classification of financial assets

Debt instruments mainly comprise cash and bank balances and trade and other receivables that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses (“ECL”) on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

The company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The company considers that default has occurred when a financial asset is more than 90 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

INTANGIBLE ASSETS - Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed as at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Computer software	-	7 years

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the company reviews the carrying amounts of the non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

REVENUE RECOGNITION - Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Specifically, the company uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, the company recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

<u>Commission income</u>

Revenue is recognised at the point in time when services have been rendered to the customer, generally upon the processing of payments.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The financial statements are measured and presented in Singapore dollars, the currency of the primary economic environment in which the company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

Critical judgements in applying the company's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management is of the opinion that there are no key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	2020	2019
	$	$
Financial assets		
Amortised cost	4,075,210	1,421,687
Financial liabilities		
Amortised cost	3,902,857	1,012,966

b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

The company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangement or similar netting agreements.

c) *Financial risk management policies and objectives*

The company's overall financial risk management policies and objectives seek to minimise potential adverse effects of financial performance of the company.

There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The company is not exposed to any foreign exchange risk as the company transacts mainly in Singapore dollar.

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

(ii) Interest rate risk management

The company is not exposed to any interest rate risk as the company does not have any interest-bearing assets or liabilities.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. As at January 31, 2019, the company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the company due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise credit risk, the company has tasked its management to develop and maintain the company's credit risk gradings to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the company's own historical repayment records to rate its major customers and debtors. The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The company's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising ECL**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery.	Amount is written off

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

The table below details the credit quality of the company's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$	$	$
2020						
Trade and other receivables	7	(i)	Lifetime ECL (simplified approach)	208,120	-	208,120
Amount due from related company	8	Performing	12-month ECL approach	201,619	-	201,619
				409,739		409,739
2019						
Trade and other receivables	7	(i)	Lifetime ECL (simplified approach)	500,437	-	500,437
Amount due from related company	8	Performing	12–month ECL approach	201,619	-	201,619
				702,056		702,056

(i) The company has applied the simplified approach to measure the loss allowance at lifetime ECL and in determining, has taken into account the historical default experience of the debtor and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The credit risk on bank deposits and balances placed in reputable institution and is subject to immaterial credit loss.

(iv) Liquidity risk management

Liquidity risk arises from the possibility that liabilities may not be settled within expected dates.

The company maintain sufficient cash and cash equivalent, and internally generated cash flows to finance its activities and when necessary, funding can be obtained by the company from related companies.

The company's financial assets and financial liabilities are due on demand or within one year and are interest-free except for the amount due from related company.

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

(v) Fair value of financial assets and financial liabilities

The carrying amounts of the financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

d) Capital risk management policies and objectives

The company manages its capital to ensure that the company is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

The company reviews its capital structure at least annually to ensure that the company will be able to continue as a going concern. The capital structure of the company comprises only of issued capital. The company's overall strategy remains unchanged from the prior year.

5 HOLDING COMPANY, RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

The company is a wholly-owned subsidiary of Diners Club (Singapore) Pte Ltd, incorporated in Singapore. Its intermediate holding company is Johan Investment Pte Ltd, incorporated in Singapore. The company's penultimate holding company is Johan Holdings Berhad, incorporated in Malaysia and is listed on Bursa Malaysia. The company's ultimate holding company is Sky Wealth Ventures Limited (2019 : Johan Holding Berhad), incorporated in British Virgin Islands. Related companies refer to members of the ultimate holding company's group of companies.

Some of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

The company did not enter into any transactions with its related company.

Compensation of directors and key management personnel

There is no remuneration for directors and key management personnel for 2020 and 2019.

6 CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank	3,665,471	719,631

7 TRADE AND OTHER RECEIVABLES

	2020	2019
	$	$
Trade receivables:		
- Third parties	208,120	500,437
Prepayments	45,590	59,760
	253,710	560,197

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

Trade receivables

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Trade receivables are non-interest bearing and are normally settled within 5 days.

8 AMOUNT DUE FROM RELATED COMPANY

Amount due from related company is denominated in Singapore dollar, non-trade in nature, unsecured, and interest-free. Repayment is at the discretion of the related company.

9 COMPUTER SOFTWARE

	Computer software
	$
Cost:	
At February 1, 2018	-
Additions	62,800
At January 31, 2019	62,800
Additions	85,000
At January 31, 2020	147,800
Accumulated amortisation:	
At February 1, 2018	-
Additions	7,648
At January 31, 2019	7,648
Additions	18,078
At January 31, 2020	25,726
Carrying amount:	
At January 31, 2020	122,074
At January 31, 2019	55,152

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

10 TRADE AND OTHER PAYABLES

	2020	2019
	$	$
Trade payables	436,078	596,809
Other payables and accruals	11,117	10,543
	447,195	607,352

Trade payables are non-interest bearing and are normally settled on 30 to 90 days (2019 : 30 to 90 days).

11 AMOUNT DUE TO RELATED COMPANIES

	2020	2019
	$	$
Trade	3,455,662	405,614

12 SHARE CAPITAL

	2020	2019	2020	2019
	Number of ordinary shares		$	$
Issued and paid up:				
At beginning of year and end of year	500,002	500,002	500,002	500,002

The ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the company.

13 REVENUE

Revenue pertains to commission fees earned on merchandise sales to a related company and payment processing service to third party.

	2020	2019
	$	$
Commission from payment processing service	519,017	272,809

DINERSPAY PTE LTD

NOTES TO FINANCIAL STATEMENTS
January 31, 2020

14 INCOME TAX

	2020	2019
	$	$
Current	-	4,176
Overprovision in prior years	-	(12,240)
	-	(8,064)

Domestic income tax is calculated at 17% (2019 : 17%) of the estimated assessable income for the year. The total charge for the year can be reconciled to the accounting loss as follows:

	2020	2019
	$	$
Loss before income tax	(183,616)	(144,451)
Tax benefit at the domestic income tax rate of 17% (2019 : 17%)	(31,215)	(24,557)
Overprovision in prior years	-	(12,240)
Deferred tax benefit not recognised	31,215	24,557
Others	-	4,176
Income tax credit recognised in profit or loss	-	(8,064)

The company has unabsorbed tax losses of approximately $287,921 (2019 : $155,462) that are available for offset against future taxable profits of the company. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of Singapore. No deferred tax assets is recognised due to uncertainty of its recoverability and future income streams.

15 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2020	2019
	$	$
Terminal rent and installation charges	394,220	310,149
Amortisation expense	18,078	7,648

16 SUBSEQUENT EVENT

The coronavirus disease 2019 outbreak since early 2020 has brought additional uncertainties in the global macroeconomic situation. The company has assessed the possible financial impacts of the situation on its business. Based on a current assessment, the directors and the management of the company believe that the direct financial impact will not significantly affect the company's operations and company will be able to continue operating as a going concern.

(i) Agreement for sale

On and subject to the terms of this SSA, the Vendor agrees to sell, and the Purchaser agrees to purchase, the Sale Shares free from all encumbrances and together with all rights and advantages attaching to them as at the closing date.

The consideration for the purchase of the Sale Shares under this SSA shall be an amount equal to the sum of SGD103,586,103, which shall be satisfied on the closing date in the following manner:-

(i) by the novation of the Vendor's obligation to pay the Excluded Assets Consideration from the Vendor to the Purchaser on the closing date; and

(ii) by the novation of the Excluded Assets and the JIPL affiliates companies' obligation to pay the Net Receivables Amount from the Excluded Assets and the JIPL affiliates companies' to the Purchaser on the closing date.

(ii) Conditions precedent

The agreement to sell and purchase the Sale Shares is conditional upon satisfaction or waiver (as the case may be) of the following conditions, or their satisfaction subject only to Closing:-

(a) bank statement of Genesis showing that Genesis is in possession of funds of at least S$15,000,000 in cash as at the closing date having been provided to the Vendor, certified as a true copy by a director or secretary of Genesis and in a form reasonably satisfactory to the Vendor in its discretion;

(b) evidence of completion of the Ezy Net share acquisition having been provided to the Vendor certified as a true copy by a director or secretary of Candypay and in a form reasonably satisfactory to the Vendor in its discretion;

(c) the delivery to the Purchaser of a letter from a director of the Vendor confirming that the amounts in relation to the Net Receivables Amount and the Excluded Assets Consideration as set out in Schedule 6 of the SSA are accurate;

(d) the passing at a general meeting of Johan of a resolution to approve the Proposed Disposal;

(e) the obtaining of (i) approval by Diners Club International Ltd. ("**DCI**"), and (ii) waiver by DCI of its right of first refusal under the network participation agreement dated 16 July 2019 between DCI and the Vendor, in each case in respect of the Proposed Disposal;

(f) the obtaining of approval from the Monetary Authority of Singapore in respect of the Purchaser and any other person becoming a 20% controller of DCS pursuant to Section 57FD(1) of the Banking Act, Chapter 19 of Singapore;

(g) the obtaining of approval by:-

a. DBS Bank Ltd., United Overseas Bank Limited and Seatown Lionfish Pte Ltd pursuant to DFS Asset Purchase Company Pte. Ltd. – 2019 Renewal Deed dated 5 September 2019 between DCS, DFS Asset Purchase Company Pte. Ltd., DBS Bank Ltd., United Overseas Bank Limited, Seatown Lionfish Pte. Ltd., Intertrust Singapore Corporate Services Pte. Ltd., DBS Trustee Limited and Yeo-Leong & Peh LLC (the "Securitization Program"); and
b. by Malayan Banking Berhad pursuant to the letter of offer dated 14 February 2017 from Malayan Banking Berhad to DCS (the "**Maybank Facility**"),

in each case in respect of the Proposed Disposal.

Purely for information purposes, none of the conditions precedent has been met as of 6 January 2021.

(iii) Events on Completion

Subject to the conditions precedent being fulfilled, the completion shall take place at 3.00 pm (Singapore time) at the registered office of DCS on 29 January 2021 or if any condition is not satisfied or waived on or before 29 January 2021 (or if the closing is deferred in accordance with the terms of the SSA, such other date as may be notified in writing by the Vendor to the Purchaser) or on the seventh business day after the date of notification of the satisfaction or waiver of the last of the conditions precedent, whichever is earlier, (or at such other location, time or date as may be agreed in writing between the Purchaser and the Vendor) ("**Closing Date**").

On the Closing Date, the Purchaser shall pay the Disposal Consideration to the Vendor in accordance with **item (i), Appendix II** of this Circular.

(iv) Default/ Termination

If the Vendor or the Purchaser fails to comply with any material obligation as set out in the SSA, the Purchaser, in the case of non-compliance by the Vendor, or the Vendor, in the case of non-compliance by the Purchaser, shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages) by written notice to the other:-

(a) to terminate this SSA without liability on its part; or

(b) to effect the Closing Date so far as practicable having regard to the defaults which have occurred; or

(c) to fix a new date for Closing Date (being not more than 21 days after the date set for Closing) in which case the provisions of completion clauses as set out in **item (iii) of Appendix II** of this Circular, shall apply to the Closing Date as so deferred but provided such deferral may only occur once.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Deloitte.

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

P.O. Box 10093
50704 Kuala Lumpur
Malaysia

Tel: +60 3 7610 8888
Fax: +60 3 7726 8986
myaaa@deloitte.com
www.deloitte.com/my

The Board of Directors
Johan Holdings Berhad
11th Floor, Wisma E & C
2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur

Dear Sirs

JOHAN HOLDINGS BERHAD ("THE COMPANY" or "THE GROUP")

INDEPENDENT REPORTING ACCOUNTANTS' REPORT
ON THE COMPILATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION

Report on the Compilation of Proforma Consolidated Financial Information

We have completed our assurance engagement to report on the compilation of proforma consolidated financial information of Johan Holdings Berhad ("the Company") and its subsidiaries ("the Group") as of 31 January 2020 and its related notes prepared by the Board of Directors ("the Board" or "the directors") of the Company.

The proforma financial information consists of the proforma consolidated statement of financial position of the Group as of 31 January 2020, as set out in Appendix A, duly stamped for identification purpose, have been compiled by the directors for inclusion in the Circular to be issued in connection with the proposed disposal by Johan Investment Private Limited, a wholly-owned subsidiary of the Company, of the entire equity interest of Diners Club (Singapore) Private Limited ("DCS") to Ezy Net Pte Ltd ("Proposed Disposal").

The applicable criteria on the basis of which the directors of the Company have compiled the pro-forma consolidated financial information is described in Appendix A ("the applicable criteria") and as specified in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The proforma consolidated financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Disposal on the Group's financial position as of 31 January 2020 as if the Proposed Disposal had taken place at 31 January 2020. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's financial statements for the year ended 31 January 2020, on which an audit report has been issued on 29 May 2020.

Directors' Responsibilities

The directors of the Company are responsible for compiling the proforma consolidated financial information on the basis set out in Appendix A of the proforma consolidated financial information.

Deloitte.

Reporting Accountants' Independence and Quality Control

We are independent of the Group and of the Company in accordance with *the By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independent Standards)* ("IESBA Code"), and we have fulfilled our ethical responsibilities in accordance with the By-Laws and the IESBA Code.

The firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the Malaysian Institute of Accountants, 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' Responsibilities

Our responsibility is to express an opinion, as required by the Listing Requirements, about whether the proforma consolidated financial information has been properly compiled by the directors of the Company on the basis set out in the note thereon.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 *Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus*. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled, in all material respects, the proforma consolidated financial information on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the proforma 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 proforma consolidated financial information.

The purpose of the proforma consolidated financial information is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions 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 events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the proforma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the proforma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

(a) The related proforma adjustments give appropriate effects to those criteria; and

(b) The proforma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

Deloitte.

The procedures selected depend on the our judgement, having regard to our understanding of the nature of the Company and the Group, the events or transactions in respect of which the proforma consolidated financial information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the proforma 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, the proforma consolidated financial information has been properly compiled, in all material respect, on the basis stated in Appendix A of the proforma consolidated financial information.

Other Matter

This report has been issued for the sole purpose of inclusion in the Circular to be issued in connection with the Proposed Disposal (in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad). As such, this letter is not to be used, circulated, quoted or otherwise referred to, for any other purposes nor is it to be filed with, reproduced, copied, disclosed or referred, in whole or in part, in any document other than the Circular.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LAI CAN YIEW
Partner - 02179/11/2022 J
Chartered Accountant

28 December 2020

Deloitte.

Appendix A

Johan Holdings Berhad
Proforma Consolidated Financial Information

1. Introduction

The proforma consolidated financial information of Johan Holdings Berhad ("the Company") and its subsidiaries ("the Group") has been prepared for inclusion in the Company's Circular to be issued to the shareholders of the Company ("the Circular"), as per the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, in connection with the proposed disposal by Johan Investment Private Limited ("JIPL"), a wholly-owned subsidiary of the Company, of the entire equity interest of Diners Club (Singapore) Private Limited ("DCS") to Ezy Net Pte Ltd ("Proposed Disposal"). The Proposed Disposal was announced by the Company/Group on 24 December 2020.

2. Details of the Proposed Disposal

2.1 The disposal of subsidiaries

On 24 December 2020, JIPL had entered into the Share Purchase Agreement ("SPA") with Ezy Net Pte Ltd ("Ezy Net") for the proposed disposal of the entire equity interest of DCS by JIPL to Ezy Net for a disposal consideration of SGD103,586,103, which will be offset against the amounts as set out below, in accordance with the terms and conditions of the SPA.

	SGD'000
Disposal Consideration	103,586
Less: Excluded Assets Consideration	(18,861)
Less: Net Receivables Amount	(84,725)
	-

The Proposed Disposal entails the disposal of DCS and one of its subsidiaries, namely Diners Pay Pte Ltd ("DPPL") (DCS and DPPL are collectively referred to as the "**Disposal Subsidiaries**"), whilst the remaining subsidiaries of DCS as listed below (collectively referred to as the "**Excluded Assets**") will be excluded from the Proposed Disposal:

(a) Diners World Travel Pte Ltd ("DWTS");
(b) Strategic Usage Sdn Bhd ("SUSB") and its subsidiaries which include:
   (i) Diners Club (Malaysia) Sdn Bhd ("DCM");
   (ii) Diners World Travel (Malaysia) Sdn Bhd ("DWTM"); and
   (iii) Lumut Park Resort Sdn Bhd ("LPR").

For the latest audited financial statements of DCS as of 31 January 2020, the aggregate costs of investment (net of impairment) of the Excluded Assets was recorded at approximately SGD18.86 million ("**Excluded Assets Consideration**"). In addition, the estimated outstanding amount of intra group receivables of DCS, due and owing from the Excluded Assets and other subsidiaries within the Group as at 31 January 2021 (being the completion date of the SPA) is approximately SGD84.73 million ("**Net Receivables Amount**"). As the disposal consideration of the Proposed Disposal is approximately SGD103.59 million, it was agreed between the parties to the SPA that the Disposal Consideration will offset against the Excluded Assets Consideration and Net Receivables Amount, hence JIPL and the Group will no longer require to repay the Net Receivables Amount owing to the Disposal Subsidiaries.

Deloitte.

Johan Holdings Berhad
Proforma Consolidated Financial Information

2.2 Expected gain or loss arising from the Proposed Disposal

The Proposed Disposal is expected to result in a proforma gain to the Group, details of which are set out below:

	SGD'000	RM'000*
Disposal Consideration	103,586	309,236
Less: 100.0% of the net assets of DCS as of 31 January 2020	(39,366)	(117,518)
Less: 100.0% of the net assets of DPPL as of 31 January 2020	(336)	(1,002)
Less: Estimated expenses for the Proposed Disposal	(261)	(779)
Less: Goodwill allocated to DCS recorded as of 31 January 2020	(1,505)	(4,494)
Total proforma gain	**62,118**	**185,443**

* *Based on exchange rate of SGD1: RM2.9853 adopted as at the latest audited consolidated financial statements as of 31 January 2020*

3. Basis of preparation of the proforma consolidated financial information

(a) The proforma consolidated statement of financial position of Johan Holdings Berhad as of 31 January 2020 has been compiled based on the audited consolidated financial statements of Johan Holdings Berhad for the year ended 31 January 2020, and therefore is consistent with both the format of the financial statements and the policies adopted by the Group in the preparation of its audited consolidated financial statements for the year ended 31 January 2020.

(b) The audited financial statements of the Group for the year ended 31 January 2020 had been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia. The proforma consolidated financial information does not include the effects of any subsequent events required adjustments after the date of the auditors' report on the audited financial statements of the Group for the year ended 31 January 2020.

(c) In the compilation of the proforma consolidated statement of financial position, apart from the assumptions mentioned in the Note 4 below, it is assumed that the Disposal Subsidiaries will be sold by JIPL upon fulfilment of condition precedents as outlined in the SPA.

(d) The auditors' report on the audited financial statements of Johan Holdings Berhad for the year ended 31 January 2020 was not subject to any modification.

3. Basis of preparation of the proforma consolidated financial information (Continued)

(e) The proforma consolidated financial information of the Group as of 31 January 2020, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited statement of the financial position of the Group had the events or transactions been effected on that date, and therefore should be read in conjunction with explanatory notes provided.

4. Proforma adjustments to the proforma consolidated financial information

The proforma consolidated statement of financial position incorporates the effect of adjustments for the Proposed Disposal based on the following assumptions:

(a) The condition precedents as outlined in the SPA for the Disposal Subsidiaries are fulfilled and ownership of the Disposal Subsidiaries has been transferred to Ezy Net as of 31 January 2020. Accordingly, all assets and liabilities related to the Disposal Subsidiaries have been deconsolidated while preparing the proforma consolidated statement of financial position as of 31 January 2020.

(b) The ownership of the Excluded Assets has been transferred from DCS to the Group as of 31 January 2020. The transfer of ownership of Disposal Assets from DCS to the Group has no impact on the carrying value of assets and liabilities of Group as the Excluded Assets were part of the Group prior to the disposal of DCS and were consolidated as of 31 January 2020.

(c) The outstanding amount of intra group receivables of DCS and DPPL due and owing from the Excluded Assets and other subsidiaries within the Group of RM304.70 million (SGD102.07 million) has been settled with intra group receivables and payables as of 31 January 2020. The excess amount received after settlement of intra group balances as of 31 January 2020 of RM3.76 million has been recognised as part of proforma gain and included in cash and bank balances.

(d) DFS Assets Purchase Pte Ltd ("DFSAP") is a special purpose entity (SPE) set up for the purpose to raise funds through the securitisation of eligible receivables. DFSAP is considered as a deemed subsidiary of DCS as the activities of the SPE are being conducted on behalf of DCS according to its specific business requirement and DCS retains the majority of the residual or ownership risk related to DFSAP on its assets. DFSAP, being a deemed subsidiary of DCS, was considered to be the subsidiary of the Group. On transfer of ownership of DCS, the ownership of DFSAP has also been transferred to Ezy Net. Accordingly, DFSAP is no longer been considered as a subsidiary of the Group and has been deconsolidated in the preparation of the proforma consolidated statement of financial position as of 31 January 2020.

(e) No tax impact has been considered while preparing the proforma consolidated statement of financial position as the Group is not liable for taxes arising from the Proposed Disposal according to the applicable tax law.

4. Proforma adjustments to the proforma consolidated financial information (Continued)

(f) All incidental expenditure of RM779,000 related to the Proposed Disposal has been incurred and settled as of 31 January 2020.

(g) On completion of the Proposed Disposal, properties revaluation reserve and exchange reserve related to the Disposal Subsidiaries have been transferred to accumulated losses as of 31 January 2020.

(h) On completion of the Proposed Disposal, there are no other liabilities including contingent liabilities and guarantees to be assumed by the Group as of 31 January 2020.

5. Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the share capital and substantial shareholders' shareholdings of Johan Holdings Berhad as the Proposed Disposal does not involve any issuance of new ordinary shares in Johan Holdings Berhad.

Deloitte.

Johan Holdings Berhad
Proforma Consolidated Financial Information

6. Proforma consolidated statement of financial position

The proforma consolidated statement of financial position of the Group as set out below have been prepared for illustrative purposes only, to show the effects of the proforma adjustments described in Note 4, had these events / transactions been effected as of 31 January 2020.

	As of 31 January 2020* RM'000	Proforma adjustments RM'000	After the Proposed Disposal RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	171,348	(86,153)	85,195
Investment properties	21,387	-	21,387
Right-of-use assets	3,836	(2,529)	1,307
Inventories - non-current	30	-	30
Intangible assets	7,631	(7,288)	343
Investment securities	27	-	27
Total Non-Current Assets	204,259	(95,970)	108,289
Current Assets			
Investment securities	20,522	-	20,522
Inventories	905	(869)	36
Trade receivables	537,846	(528,983)	8,863
Other receivables and prepaid expenses	16,555	(6,741)	9,814
Tax recoverable	1,658	(1,280)	378
Cash and bank balances	63,826	(28,029)	35,797
Asset held for sale	127,000	-	127,000
Total Current Assets	768,312	(565,902)	202,410
TOTAL ASSETS	972,571	(661,872)	310,699

** Extracted from the audited consolidated financial statements of Johan Holdings Berhad for the year ended 31 January 2020.*

Deloitte.

Johan Holdings Berhad
Proforma Consolidated Financial Information

6. Proforma consolidated statement of financial position (Continued)

	As of 31 January 2020* RM'000	Proforma adjustments RM'000	After the Proposed Disposal RM'000
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	380,889	-	380,889
Exchange reserve	30,005	(31,071)	(1,066)
Properties revaluation reserves	79,582	(14,413)	65,169
Accumulated losses	(429,172)	230,927	(198,245)
	61,304	185,443	246,747
Non-controlling interests	2,782	-	2,782
Total Equity	64,086	185,443	249,529
Non-Current Liabilities			
Lease liabilities	637	(293)	344
Investor certificates	296,031	(296,031)	-
Deferred tax liabilities	34,967	(10,493)	24,474
Total Non-Current Liabilities	331,635	(306,817)	24,818
Current Liabilities			
Trade payables	291,827	(290,622)	1,205
Other payables and accrued expenses	51,318	(31,787)	19,531
Loans and borrowings	56,258	(41,406)	14,852
Investor certificates	174,562	(174,562)	-
Lease liabilities	1,758	(994)	764
Deferred revenue	1,114	(1,114)	-
Tax liabilities	13	(13)	-
Total Current Liabilities	576,850	(540,498)	36,352
Total Liabilities	908,485	(847,315)	61,170
TOTAL EQUITY AND LIABILITIES	972,571	(661,872)	310,699

** Extracted from the audited consolidated financial statements of Johan Holdings Berhad for the year ended 31 January 2020.*

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board, and our Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

UOB Kay Hian, being the Principal Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Qwantum, being the Independent Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Deloitte PLT, being the Reporting Accountant for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOB Kay Hian, Qwantum and Deloitte PLT have given their written confirmation that as at the date of this Circular, there are no situations of conflict of interests that exists or is likely to exist in relation to their respective roles as the Principal Adviser, Independent Adviser and Reporting Accountant to Johan for the Proposed Disposal.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither Johan nor its subsidiaries has engaged in any material litigation, claims nor arbitration, either as plaintiff or defendant, and our Board is not aware and does not have any knowledge of any proceedings pending or threatened against Johan Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of Johan Group.

5. MATERIAL COMMITMENT

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group that has not been provided for, which may have a material impact on the financial results/ position of our Group:

Capital commitment for the purchase of property, plant and equipment, and computer systems:	**RM'000**
Approved and contracted for	268

6. MATERIAL CONTRACTS

Save for the below, neither Johan nor its subsidiaries has entered into any material contracts (not being in the ordinary course of business) within 2 years preceding the LPD:-

(i) On 27 November 2019, Prestige Ceramics Sdn Bhd, our wholly-owned subsidiary, had entered into a conditional sale and purchase agreement with Aspect Potential Sdn Bhd, being the purchaser, for a disposal of a piece of freehold land measuring approximately 112,396 square metres, held under GRN 150651, Lot No. 1115, Batu 15, Jalan Puchong, 47100 Puchong, Selangor Darul Ehsan for a total disposal consideration of RM127,000,000 to be satisfied via cash and payments-in-kind. As at the LPD, the disposal is still pending with the receipt of deferred cash payment of RM45.0 million, which will be payable in 5 years period from the date of the aforesaid agreement; and

(ii) The SSA, being the subject matter of this Proposed Disposal.

7. CONTINGENT LIABILITIES

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Company's registered office at 11th floor, Wisma E&C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

(i) The Constitutions of Johan and DCS, respectively;

(ii) Audited financial statements of DCS and DPPL for the past 2 financial years up to the FYE 31 January 2020 and the latest unaudited financial statements for the FPE 31 October 2020;

(iii) The SSA;

(iv) The reporting accountant's letter on the pro forma consolidated statements of financial position of Johan Group as at 31 January 2020 together with the notes;

(v) Material contracts as set out in **Section 6, Appendix IV** of this Circular; and

(vi) Letters of consent and declaration of conflict of interests referred to in **Sections 2 and 3, Appendix IV** of this Circular, respectively.

Johan Holdings Berhad

Registration No. 192001000038 (314-K)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Johan Holdings Berhad ("**Johan**" or "**Company**") will be held at George Kent Technology Centre, 1115, Jalan Puchong, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan on Friday, 29 January 2021 at 9.30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:-

SPECIAL RESOLUTION

PROPOSED DISPOSAL BY JOHAN INVESTMENT PRIVATE LIMITED, A WHOLLY-OWNED SUBSIDIARY OF JOHAN, OF THE ENTIRE EQUITY INTEREST IN DINERS CLUB (SINGAPORE) PRIVATE LIMITED TO EZY NET PTE. LTD. FOR A DISPOSAL CONSIDERATION OF SGD103,586,103 (EQUIVALENT TO APPROXIMATELY RM313.98 MILLION)

"THAT subject to approvals of all relevant authorities and/ or parties being obtained, approval be and is hereby given for Johan Investment Private Limited ("**JIPL**") to proceed with, carry out and implement the Proposed Disposal in accordance with the terms and conditions of the conditional share purchase agreement dated 24 December 2020 ("**SSA**"), entered into between JIPL and Ezy Net Pte. Ltd., Candypay Holdings Pte. Ltd. and Genesis Business Holdings Pte. Ltd. The salient terms of the SSA are set out in **Appendix II** of the Circular to shareholders of Johan dated 7 January 2021;

AND THAT the Board of Directors of Johan be and is hereby authorised to take all such steps, do all acts, deeds and things and to execute all necessary documents, as may be required to give effect to and complete the Proposed Disposal with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to complete the Proposed Disposal."

By Order of the Board

TEH YONG FAH
Group Secretary
SSM PC No.: 201908003410
MACS 00400

Kuala Lumpur
7 January 2021

Notes:-

1. *A member of the Company entitled to attend, participate, speak and vote is entitled to appoint not more than two proxies to attend, participate, speak and vote instead of him. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The instrument appointing proxy/proxies shall be in writing under the hand of the appointer or his attorney or if such an appointer is a corporation under its Common Seal or the hands of its attorney. A proxy need not be a member of the Company.*

2. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

3. *The instrument appointing proxy/proxies and the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof shall be deposited at the registered office of the Company at 11th Floor, Wisma E&C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time stipulated for holding the meeting or adjourned meeting (as the case may be).*

4. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 January 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*

Johan Holdings Berhad

Registration No. 192001000038 (314-K)
(Incorporated in Malaysia)

PROXY FORM

I/ We (full name in capital letters) ....
NRIC/ Passport No. .... of (full address) ....

....

being a *member of Johan Holdings Berhad, do hereby appoint (full name in capital letters) ....

....

NRIC/ Passport No. .... of (full address) ....

....

or failing him/ her, (full name in capital letters) ....
NRIC/ Passport No. .... of (full address) ....

....

or failing him/ her, the Chairman of the meeting as *my/ our proxy to attend and vote for *me/ us on my/ our behalf at the Extraordinary General Meeting of the Company to be held at George Kent Technology Centre, 1115, Jalan Puchong, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan on Friday, 29 January 2021 at 9.30 a.m. and at any adjournment thereof.

*My/ our proxy is to vote on a poll as indicated below with an "X"

SPECIAL RESOLUTION	FOR	AGAINST
PROPOSED DISPOSAL		

**Strike out whichever not applicable*

(Please indicate with a cross ("X") in the appropriate box against the Special Resolution on how you wish your proxy/proxies to vote. If this proxy form is returned without any indication as to how the proxy/proxies shall vote, the proxy/proxies will vote or abstain as he/they think fit.)

Dated this _______________ day of _______________ 2021

Number of shares held	
CDS Account No.	

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:		
	No. of Shares	**Percentage**
1st Proxy		%
2nd Proxy		%
Total:		100 %

....
Signature of Shareholder(s)/ Common seal

Notes:-

1. *A member of the Company entitled to attend, participate, speak and vote is entitled to appoint not more than two proxies to attend, participate, speak and vote instead of him. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The instrument appointing proxy/proxies shall be in writing under the hand of the appointer or his attorney or if such an appointer is a corporation under its Common Seal or the hands of its attorney. A proxy need not be a member of the Company.*

2. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

3. *The instrument appointing proxy/proxies and the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof shall be deposited at the registered office of the Company at 11th Floor, Wisma E&C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time stipulated for holding the meeting or adjourned meeting (as the case may be).*

4. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 January 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
JOHAN HOLDINGS BERHAD
Registration No. 192001000038 (314-K)
11th Floor, Wisma E&C
No. 2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur

1st fold here