

REPL::ANNUAL GENERAL MEETING::VOLUNTARY

Issuer & Securities

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CAPTII LIMITED

Security

CAPTII LIMITED - SG1BA0000004 - AWV

Announcement Details

Announcement Title

Annual General Meeting

Date & Time of Broadcast

10-Jun-2020 17:39:55

Status

Replacement

Announcement Reference

SG200520MEETUVHU

Submitted By (Co./Ind. Name)

Wong Tze Leng

Designation

Executive Chairman

Financial Year End

31/12/2019

Event Narrative

Narrative Type	Narrative Text
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Additional Text	Please find attached our responses to substantial and relevant questions received from shareholders in advance of our AGM to be held on 11 June 2020 at 2.00 pm.
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Event Dates

Meeting Date and Time

11/06/2020 14:00:00

Response Deadline Date

09/06/2020 14:00:00

Event Venue(s)

Place

Venue(s)	Venue details
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Meeting Venue	Meeting will be convened and held by way of electronic means.
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Attachments

[Captii%20-%20Notice%20of%20AGM.pdf](#)

[Captii%20-%20Proxy%20Form.pdf](#)

[Captii%20-%20Statistic%20of%20Shareholdings%20as%20at%2014%20May%202020.pdf](#)

[Captii%20-%20Responses%20to%20substantial%20and%20relevant%20questions%20received%20from%20sha](#)

Total size =874KMB

Related Announcements

Related Announcements

[20/05/2020 17:25:19](#)

Response to Shareholders' Questions on the Company's Annual Report for the Financial Year Ended 31 December 2019

Further to the Announcement dated 20 May 2020 on the "live" webcast of Annual General Meeting on 11 June 2020, the Board of Directors (the "Board") of Captii Limited (the "Company", and together with its subsidiaries, the "Group") wishes to announce the following in response to the questions from the shareholders for the period between 20 May 2020 to 8 June 2020.

Dividend Questions:

Q1. *"Group has a comfortable cash position; can increase the dividend?"*

Q2. *"What will be the dividend policy be like moving forward?"*

Company's Response:

The Company had on 20 September 2019, paid a tax-exempt interim dividend of 1.25 Singapore Cents per share. In light of the anticipated capital requirements of the Group's growth and investment-driven development strategy, no further and final dividend payment has been recommended by the Board for the financial year ended 31 December 2019.

On the proviso that the positive financial performance of the Group's businesses is maintained in 2020, the Board aims to further extend the dividend payout track record of the Company to maintaining at minimum, the dividend per share that was paid to shareholders last year.

Outlook Questions:

Q1. *"How has CoViD-19 affected the business? If so what is the estimated %?"*

Q2. *"Is/are there any upcoming or confirmed major customer(s) for the core business this year?"*

Q3. *"Revenue declined in 2019 after growing from 2015 to 2018. Is this a result of the focus on growing the managed service business? Going forward, as part of the company's business strategy, will system sales revenue play a less significant role?"*

Q4. *"Does the CoViD-19 pandemic have any impact on the company's business operations/outlook?"*

Q5. *"Please elaborate how each of the BUs are being affected by CoViD-19?"*

Company's Response:

The CoViD-19 pandemic has resulted in many countries in our Group's regions of focus imposing movement and travel restrictions, including the movement control order in Malaysia and the 'circuit-breaker' lockdown in Singapore. Such restrictions have adversely affected many businesses that are prohibited to trade, or that have been asked to significantly alter the scope of their operations within government-prescribed safety limits. The uncertainty of economic recovery from the shock caused by CoViD-19 and the prospect of a protracted economic slowdown globally, especially in the Group's regions of focus, have weighed on the minds of management and the directors of the Group when considering the outlook for the remainder of financial year.

The impact of CoViD-19 on the Group has fortunately been minimal in the year to-date. This is because the Group's businesses operate primarily in the field of telecommunications, an essential service in any economy today. In addition, the Group's businesses have been made capable of fully-functioning under a work-from-home mode of operation, well ahead of movement control restrictions or lockdown orders being enforced. The Group's primary customers in the Unifiedcomms and

GlobeOSS businesses are telecommunications network operators and service providers that have continued to operate normally throughout the CoViD-19 restrictions, albeit remotely and through digital engagement, rather than face-to-face interaction. Contracts in-hand continue to be progressed and management of the Group is hopeful that new projects and initiatives requiring our products and services, will continue to be pursued by customers in the months ahead. The possibility remains however, that larger system sale contracts that have yet to be committed this year, may be deferred by customers to next year, or even abandoned entirely if macroeconomic and industry conditions deteriorate significantly. Some managed service contracts of the Group which are impacted by government restrictions or directives arising from CoViD-19 policy measures, may meanwhile continue to show weaker performance than before.

The growth in Group revenue between 2015 and 2018 was largely due to the progress achieved in the GlobeOSS business, which continues to have a significant proportion of its revenue being generated from system sale contracts. Such contracts are lumpy in nature and the decline in year-on-year Group revenue in 2019 is largely attributable to a decline in system sale contract revenues for the most recent year. Because of this, the Group's efforts remain focused on growing the managed service contract portfolio at both the Unifiedcomms and GlobeOSS businesses.

At Captii Ventures, the Group' venture investment business, the climate for either business development or funding has become more challenging since the CoViD-19 pandemic set in. If the adverse microeconomic and funding environment persists to the end of the year, some of the investees in the venture investment portfolio may face difficulty in raising further capital, while those that successfully raise may be faced with dampened valuations. Management has taken active, early measures to perform impact assessment as well as in assisting investees to plan and manage through a more hostile environment for both business and funding. Investment management activities to assist investees and protect our investments will be the priority at Captii Ventures for the remainder of the year.

Against this negative macroeconomic backdrop for the future, the Group remains optimistic and will continue to work closely with customers and investees, to minimise any potential negative impact of CoViD-19-related developments on Group financial performance. Management of the Group has in recent months taken an active and measured approach to managing risks to protect the Group's people and assets, and will sustain these efforts until the pandemic resolves.

Management will further the work it has been doing to strengthen its managed service contract portfolio and will invest even more selectively in the venture investment business. Interest in internet-driven application services for enterprises, in the broad domain of fintech, as well as in internet and handset-app delivered digital media, have been heightened in the current environment. These areas will continue to be the focus for the Group's venture investment activities, and is expected complement the organic growth strategies of the Unifiedcomms and GlobeOSS businesses.

Venture Investment Questions:

- Q1. *"Is there any upcoming major investment or divestment for Captii investment this year?"*
- Q2. *"I understand that investment in Captii Venture is mid to long term in nature. When can we expect to see any significant returns from this segment?"*
- Q3. *"How has the valuation for Captii Venture's portfolio change and foresee to change during this period where global private ventures saw valuation drop? Has there been any cash call required by your portfolio companies?"*

Company's Response:

We do not expect to make large venture investments this year, but are continuing to review smaller, earlier stage opportunities as well as considering follow-on funding rounds where the market outlook,

performance track record and valuation of the investee make for a compelling case for further investment.

Before the onset of the CoViD-19 pandemic, we anticipated some portfolio exits being possible this year. Discussions and activities in connection with the sale and purchase of stakes in some of our investees were halted or the process slowed down significantly as the pandemic accelerated. While the acquirer and investor interest appears to remain, progress that can be achieved in these discussions and activities in the rest of the year is uncertain.

Management of Captii Ventures and the Group have taken an active role in evaluating the impact of the CoViD-19 pandemic on our investees and in developing and supporting investee plans to withstand and survive the transitory economic shock. While efforts to pave the way for portfolio exits will persist, the priority for us this year is to secure the survival of investees significantly impacted by the pandemic, to in turn, allow us to preserve the value of our investment portfolio.

Directors Remuneration Question:

Q1. *"Will the directors be taking a pay cut for the year of 2020?"*

Company's Response:

The Group's businesses have continued to operate on normal working hours throughout the CoViD-19 lockdown and circuit-breaker period. The Board, management and staff of the Group have continued to perform their duties, albeit remotely and virtually rather than in person, to ensure the continuity of the Group businesses and to address any adverse effect of CoViD-19 pandemic on Group financial performance. Against this backdrop and the current outlook for the Group, there is no plan for reduction in directors' remuneration in 2020.

Other Questions:

Q1. *"Will there be a share (buy) back exercise this year as the price has gone down very much?"*

Q2. *"The company has been trading way undervalued for long time, even at close to net cash level. What is the Board/Management doing to unlock shareholder value?"*

Q3. *"Can the Management consider doing more in investor relations by promoting the company to investors?"*

Company's Response:

The Group has not planned for any share buyback exercise.

The Board and management of the Group will consider further investor relations activities in due course. For the remainder of the 2020 financial year, focus will be placed by the Group on effectively managing through the economic and industry uncertainty caused by the CoViD-19 pandemic, so as to protect the fundamentals of our businesses.

By Order of the Board

Wong Tze Leng
Executive Chairman

10 June 2020