



- 1 • World Sports Industry Co Ltd was awarded 15% stake in WTT in 2022, via two intermediary shell entities registered in Hong Kong and Cayman
- 2 • Many of WTT event operating companies are shell entities established just months before the events began
- 3 • QG Sports was the original \$1.5M loan lender to WTT in 2021, but the equity was issued to World Sports in 2022. QG has the same registration address with ITTF International
- 4 • Registration data suggests that the several event operating companies are potentially related to or under the control of World Sports

17. Other asset

	<u>2022</u> US\$	<u>2021</u> US\$
Rights to training services	<u>12,039,606</u>	<u>-</u>

During the year the Company entered into an agreement with a service provider to provide coaching and high-performance development facilities over a 10-year period. The other asset will be amortised over the pattern of use over the 10-year period.

A material vendor with over \$12M contract is unnamed

22. Share capital (Continued)

On 26 October 2022, the Company has redenominated the initial share capital from S\$1 to US\$1 and increased its ordinary share by way of share split with one (1) existing ordinary share be divided into 850,000 ordinary shares.

On 26 October 2022, the Company has increased its issued and paid-up share capital from US\$1 to US\$15,000,001 by way of capitalisation of loans from third parties US\$2,960,394 (Note 21) and other asset amounting to US\$12,039,606 (Note 17) for an issuance of 150,000 ordinary shares of US\$100 per share.

The coaching service was converted to equity in WTT, together with the equity conversion of a ~\$3M loans as shown on the next page

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing issued ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

WORLD TABLE TENNIS PTE. LTD.

STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Reconciliation of asset/liabilities arising from financing activities

		Non-cash movements				
	1 January 2022 US\$	Financing cash flows US\$	Addition US\$	Loan assignment (Note 21) US\$	Interest expense US\$	31 December 2022 US\$
<b>2022</b>						
<b>Asset</b>						
Other receivables	350,000	-				
On 26 October 2022, the Company has issued US\$15,000,001 by way of capitalisation of loans amounting to US\$12,039,606 (Note 17) for an						
<b>Liabilities</b>						
Lease liability	163,942	(193,207)	103,839	-	4,603	79,177
Amount due to a related company	425,722	1,195,952	-	-	-	1,621,674
Loan from holding entity	2,000,000	-	-	-	-	2,000,000
Loans from third parties	2,860,965	-	-	(2,960,394)	99,429	-
<b>2021</b>						
<b>Asset</b>						
Other receivables	-	350,000	-	-	-	350,000
<b>Liabilities</b>						
Lease liability	-	(142,192)	294,099	-	12,035	163,942
Amount due to a related company	90,538	335,184	-	-	-	425,722
Loan from holding entity	1,000,000	1,000,000	-	-	-	2,000,000
Loans from third parties	1,000,000	1,500,000	-	-	360,965	2,860,965

The "3<sup>rd</sup> party" loans are converted to equity in 2022

On 26 October 2022, the Company has increased its issued and paid-up share capital from US\$1 to US\$15,000,001 by way of capitalisation of loans from third parties US\$2,960,394 (Note 21) and other asset amounting to US\$12,039,606 (Note 17) for an issuance of 150,000 ordinary shares of US\$100 per share.

The "3<sup>rd</sup> party" loans are converted to equity in 2022

1<sup>st</sup> loan of \$1M

2<sup>nd</sup> loan of \$1.5M incurred in 2021, original lender was QG sports (see Attachment 1.d)

The initial \$1M loan generated \$360K in interest in 2021, implying an effective interest rate of over 30%. Despite having nearly \$7M in cash on hand, WTT opted not to pay down the debt.

Source: WTT 2022 Audited Financials, accessible to public from ACRA upon request

Mr Weikert asked how WTT will manage the budget and the negative financial results due to China Hub not taking place before the OG and Mr Pound indicated that budget adjustments will be necessary to ensure financial stability. Mr Pound reported that QG sports gave WTT a USD 1,5 million loan payable in 12 months at no interest rate, to help assist with the cash flow. Mr Pound reminded that all WTT contracts and deals were available to the EC on the SharePoint platform.

Mr Weikert asked questions about QG registration in the chamber of commerce and Mr Pound explained that there were some delays in having all the paperwork done due a heavy bureaucratic process and a high number of requirements and as per the Singapore law. Mr Pound indicated that a law firm was assisting WTT in the process and everything was on track.

Mr Weikert also asked which staff were under the WTT payroll. Mr Pound clarified that in his case, he was still going through the contractual process transitioning to fully WTT employee.

ITTF Executive Committee Meeting Minutes 14<sup>th</sup> March, 20<sup>th</sup> March and 11<sup>th</sup> April 2021

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**20220316-EC-06**

The Executive Committee agreed to appoint Mr LIU Guoliang to the WTT Board.

It was suggested to have more active participation of the ITTF President at the WTT Board meetings and to re-structure the WTT Council to make it more athletes focused. Concerning the investment in WTT, Mr DAINTON gave a progress report.

Following the EC deliberations, it was agreed in principle to offer 15% equity in WTT and a seat on the WTT Board to World Sports Industry (Beijing) Co. Ltd., for what Mr NATRAN and Mr DAINTON will follow up regarding the contracting of the agreement with World Sports Industry (Beijing) Co. Ltd. and provide detailed information on how the company can add additional value to the ITTF/WTT.

- The \$1.5M loan incurred in 2021 originated from QG Sports, as documented in the 2021 ITTF ECM minutes.
- However, the equity issuance resulting from the loan conversion was awarded to World Sports in 2022 instead.
- WTT has not disclosed whether these two entities are related parties or if they are controlled by the same beneficiary.

In prior year, the Company has engaged a professional valuer to determine the fair value of the liability component of the convertible loan at 31 December 2021. The fair value of the liability component, included in non-current interest-bearing liabilities has been calculated by discounting the future cash flows at the market interest rate. The fair value gain for the financial year is recognised in the profit or loss. In the valuation report issued, the valuation of the Company's equity was approximate zero as of 31 December 2021 due to the continued losses and the net liability position of the Company. For details on the Company's ability to continue as a going concern, refer to Note 2.2.

The value of the equity component is approximate zero as of the loan inception date, the liability component of the loan is measured at amortised cost using the effective interest method until its extinguishment upon conversion, redemption or at the maturity date. The carrying amount of convertible loan approximate its fair value due to either the relatively short-term maturity of loan or the interest rate approximates the market rate prevailing at end of the previous financial year.

On 26 October 2022, the Company has entered into assignment deeds to novate the loans from third parties to World Sports Industry (Beijing) Co., Ltd ("World Sports"). On the same day, the Company issued new ordinary shares to World Sports by way of capitalisation of loans (Note 22).

- The fair value of WTT was determined to be \$0 as of the end of 2021, with the cited reason being continued losses.
- This rationale appears questionable, as numerous high-growth companies, private or publicly listed, operated at a loss for years yet maintained substantial market valuations

Shortly after claiming the company's valuation was \$0, a 15% equity stake in WTT was issued to the provider of loans and coaching services.

22. Share capital

**? How did the ITTF Board of Directors approve such a valuation report and transactions, given their clear negative implications for WTT's controlling shareholder, ITTF?**



by TableTennis Fans (wtt.goodgame@gmail.com)

During the same Executive Committee meeting on March 16, 2022, the approval of a 15% share issuance to World Sports, along with the addition of Guoliang Liu and Jianzhen Lei as board members, was granted.

The EC discussed the governance of WTT, and it was proposed to add Mr LIU Guoliang as WTT Board Member, replacing Mr Matt POUND, who will focus on the day-to-day operations.

**20220316-EC-06**  
The Executive Committee agreed to appoint Mr LIU Guoliang to the WTT Board.

It was suggested to have more active participation of the ITTF President at the WTT Board meetings and to re-structure the WTT Council to make it more athletes focused. Concerning the investment in WTT, Mr DANTON gave a progress report.

Following the EC deliberations, it was agreed in principle to offer 15% equity in WTT and a seat on the WTT Board to World Sports Industry (Beijing) Co. Ltd., for what Mr NATRAN and Mr DANTON will follow up regarding the contracting of the agreement with World Sports Industry (Beijing) Co. Ltd. and provide detailed information on how the company can add additional value to the ITTF/WTT.

It was noted that all due diligence and all expected governance standards should be adhered to, as usual, and the ITTF President should be well updated on all the details. It was noted that WTT would continue exploring the market to seek further investment.

It was explained, particularly for the new EC members, that the Master Licence Agreement (MLA) between WTT and ITTF is the key document that determines the relationship, and that together with the Constitution of WTT they are available in the SharePoint.

**20220316-EC-07**  
The Executive Committee agreed to enter into a Shareholders Agreement with World Sports Industry (Beijing) Co. Ltd for 15% equity of World Table Tennis.

**9. Development**

The EC noted the presentation from Ms CEHOVIN in Development, which touched on the different programmes offered.

Has the ITTF adequately fulfilled its governance and fiduciary duties as required?

Source: ITTF EC meeting notes, disclosed on ITTF website.



LOG IN

DOCUMENTS

Category

Annual Report

Type

- Any -

Place

N. Items

50

Apply

Title	Date	Place	File
2023 Annual Report	01/01/2023 - 31/12/2023		
2022 Annual Report	01/01/2022 - 31/12/2022		View document
2021 Annual Report	01/01/2021 - 31/12/2021		View document
2020 Annual Report	01/01/2020 - 31/12/2020		View document
2019 Annual Report	01/12/2019 - 31/12/2019		View document
2018 Annual Report	01/01/2018 - 31/12/2018		View document

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ITTF 2023 financials missing

Mr BROWN presented the forecast update for ITTF Foundation, noting a small deficit compared to the initially approved budget.

Mr BROWN presented the consolidated accounts for the three organisations along with inter-company eliminations, which showed a significant increase in income compared to pre-pandemic periods. Mr BROWN noted a few items still being finalised in preparation for the audit and noted the audit timelines for the EB's awareness. Mr BROWN noted that there would be a Finance Forum on the 24<sup>th</sup> of February before the ITTF Summit, and that the audit partner in charge from PwC would be attending remotely. It was further noted that April and May would be the audit period and that the following financial statements would be put before the Audit and Finance Committee for approval.

Mr BROWN informed the EB that Ms Ludiwine ARPINO is now active in the Audit and Finance Committee as Mazars is no longer ITTF's auditor and that the third independent member is being sought.

Mr BROWN reminded that at the last EB meeting in Lausanne it was agreed that a Remuneration Committee should be constituted as an extension to the Audit and Finance Committee. Mr BROWN noted that the terms of reference for the Remuneration Committee are being worked on, and that these terms of reference should be circulated amongst the EB before finalising the structure, ideally at the Paris EB meeting.

Mr BROWN also presented on cashflow, noting that the ITTF has a line of credit with UBS bank, with about CHF1.78m having been utilised, and reported that the paperwork for the agreed increase of such line of credit from the current CHF2.4m to CHF4m as agreed in December is

- The ITTF 2023 audit period was estimated to conclude around April 2024.
- However, as of now, ITTF has yet to disclose its financials, unlike in prior years.





being made. It was also noted that a loan facility for World Table Tennis with World Sports, and that this line of credit will help ease cashflow issues until the completion of the Olympic Games.

5.1.2. Budget 2024

Mr BROWN presented on the ITTF budget for 2024, noting that work has been made since the previous EB meeting. The current forecast is that the budget will end with a lower deficit than the approximately USD200k loss approved at the 2023 AGM.

Mr BROWN presented on WTT budget for 2024, which revenue forecast has grown from the AGM-approved revenue of USD47.5m to a current forecast of USD50m, adding that the hope is for a break-even year, just pending on the IMG deal management.

Mr BROWN presented on the ITTF Foundation noting also an almost break event result foreseen.

The consolidated overview presented by Mr BROWN showed a forecasted income of USD59M, which is around a 33% increase from 2023. Events in 2024 largely contributed to this revenue.

Mr BROWN highlighted that the updated proposal reflects the adjusted development budget (with an increase in the Development Objective of USD20k for each of the five Continents) and the increase in the Integrity Unit budget of USD50k.

Dr MESHREF noted that the 2024 budget is better than what was approved at the last AGM and that the work done by Mr DANTON and Mr BROWN, as well as the increase in events are helping that, adding that these are positive and good news to hear.

- WTT's 2024 estimated revenue is budgeted at ~\$50M, reflecting a 30% increase from 2023, which implies around \$37.5M in revenue for FY2023.
- In comparison, WTT's FY 2022 revenue was \$28.5M, according to audited financials. This suggests revenue growth of 30% in 2023 and 33% in 2024.
- Despite this high growth rate, the figures seem inconsistent when considering the large-scale WTT events held in 2023 and 2024, as well as the commercial sponsorships WTT reportedly received, according to public news articles

## Attachments Included

- *Attachment 1.a: WTT ownership overview*
- *Attachment 1.b: Excerpt from audit report on capitalization of the coaching contract*
- *Attachment 1.c: Excerpt from audit report on share issuance from converted loan and coaching service*
- *Attachment 1.d: Excerpt on original lender of the loan differs from equity recipient*
- *Attachment 1.e: Excerpt from audit report on valuation assessment*
- *Attachment 1.f: EC meeting minutes of approval of equity issuance and two new directors' appointment*
- *Attachment 4.a: Screenshot of the ITTF website showing the absence of 2023 financial statements*
- *Attachment 4.b: Excerpt from ITTF Executive Committee (EC) meeting minutes referencing the 2023 audit period*
- *Attachment 4.c: Excerpt from ITTF EC meeting minutes referencing 2023 and 2024 budget revenue*