

CIRCULAR DATED 4 SEPTEMBER 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

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

If you have sold or transferred all your shares in the capital of Synagie Corporation Ltd. (the “Company” and together with its subsidiaries, the “Group”), you should immediately inform the purchaser, transferee, bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of Extraordinary General Meeting and accompanying Proxy Form) may be accessed at the Company’s website at <http://investor.synagie.com/financial-information/> and SGXNet.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, RHT Capital Pte. Ltd. (the “Sponsor”) for compliance with the relevant rules of the Listing Manual Section B: Rules of Catalyst (the “Catalist Rules”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Sponsor has not independently verified the contents of this Circular.

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

The contact person for the Sponsor is Mr Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, Telephone (+65) 6381 6966.

This Circular has been made available on SGXNet and the Company’s website and may be accessed at the URL <http://investor.synagie.com/financial-information/>. A printed copy of this Circular will NOT be despatched to Shareholders.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the EGM (as defined herein) in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the EGM proceedings via “live” webcast or listening to the EGM proceedings via “live” audio feed, (b) submitting questions in advance of the EGM, and/or (c) voting by appointing the Chairman of the EGM as proxy at the EGM.

Please refer to Section 20 of this Circular and the Company’s announcement dated 4 September 2020 entitled “Alternative Arrangements for the Extraordinary General Meeting of the Company to be held on 28 September 2020” which has been uploaded together with this Circular on SGXNet for further information, including the steps to be taken by Shareholders to participate at the EGM. Such announcement may also be accessed at the URL <http://investor.synagie.com/financial-information/>.

Shareholders should note that the Company may make further changes to its EGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act (as defined herein) and any regulations promulgated thereunder (including the COVID-19 Order (as defined herein)) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company as may be made from time to time on SGXNet.



SYNAGIE CORPORATION LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201717972D)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED DISPOSAL OF THE ENTIRE E-COMMERCE, E-COMMERCE ENABLER AND LOGISTICS BUSINESS OF THE GROUP
- (2) THE PROPOSED ASSIGNMENT OF THE PROMISSORY NOTE
- (3) THE PROPOSED SPECIAL DIVIDEND
- (4) THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED CASH DISTRIBUTION
- (5) THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM “SYNAGIE CORPORATION LTD.” TO “V2Y CORPORATION LTD.”

Financial Adviser



RHT CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201109968H)

Independent Financial Adviser



NOVUS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201723484W)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	25 September 2020 at 10.00 a.m.
Last date and time to pre-register online to attend the EGM	:	25 September 2020 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	28 September 2020 at 10.00 a.m.
Place of Extraordinary General Meeting	:	The EGM will be held by way of electronic means. Please refer to Section 18 of this Circular for further details.

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CORPORATE INFORMATION

Board of Directors	:	Mr Lim Chuan Poh (<i>Non-Executive and Independent Chairman</i>) Mr Lee Shieh-Peen Clement (<i>Executive Director and Chief Executive Officer</i>) Ms Tai Ho Yan (<i>Executive Director</i>) Ms Zanetta Lee Yue (Zanetta Li Yu) (<i>Executive Director</i>) Mr Chue En Yaw (<i>Non-Executive and Independent Director</i>) Mr Ong Shen Chieh (Wang Shengjie) (<i>Non-Executive and Independent Director</i>)
Registered Office of the Company	:	38 Jalan Pemimpin #05-09, M38 Singapore 577178
Share Registrar	:	RHT Corporate Advisory Pte. Ltd. 30 Cecil Street, #19-08 Prudential Tower Singapore 049712
Financial Adviser and Sponsor to the Company	:	RHT Capital Pte. Ltd. 9 Raffles Place, #29-01 Republic Plaza Tower 1 Singapore 048619
Legal Adviser to the Company in relation to the Proposed Transactions	:	Rajah & Tann Singapore LLP 9 Straits View #06-07 Marina One West Tower Singapore 018937
Independent Valuer of the Target Companies	:	Cushman & Wakefield VHS Pte Ltd 3 Church Street, #09-03 Samsung Hub Singapore 049483
Independent Financial Adviser to the Non-interested Directors in relation to the Proposed Disposal and the Proposed Assignment	:	Novus Corporate Finance Pte. Ltd. 9 Raffles Place, #17-05 Republic Plaza Tower 1 Singapore 048619

OVERVIEW

The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the “Definitions” section on pages 13 to 21 of this Circular.

OVERVIEW

Synagie Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) had announced on 5 August 2020 that the Company entered into a sale and purchase agreement (the “**SPA**”) with Synagistics Pte. Ltd. (the “**Purchaser**”), as a purchaser, and Metadrome Ltd. (“**Metadrome**”), as a guarantor to the Company, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the E-Commerce Business, including the Sale Shares, upon the terms and subject to the conditions of the SPA, for an aggregate consideration of S\$61,679,181.60 (the “**Consideration**”) (the “**Proposed Disposal**”).

Pursuant to the terms of the SPA, a portion of the Consideration, being an amount of S\$9,357,203.18, will be paid by the Purchaser to the Company by way of assignment of an interest-bearing promissory note in the principal amount of S\$9,357,203.18 (the “**Promissory Note Amount**”) issued by Metadrome (the “**Promissory Note**”) (the “**Proposed Assignment**”). The entire amount owing by Metadrome to the Company under the Promissory Note (including interest accrued thereon), which is estimated to be approximately S\$9,362,000¹, will thereafter be set-off against Metadrome’s entitlement to the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction as a Shareholder.

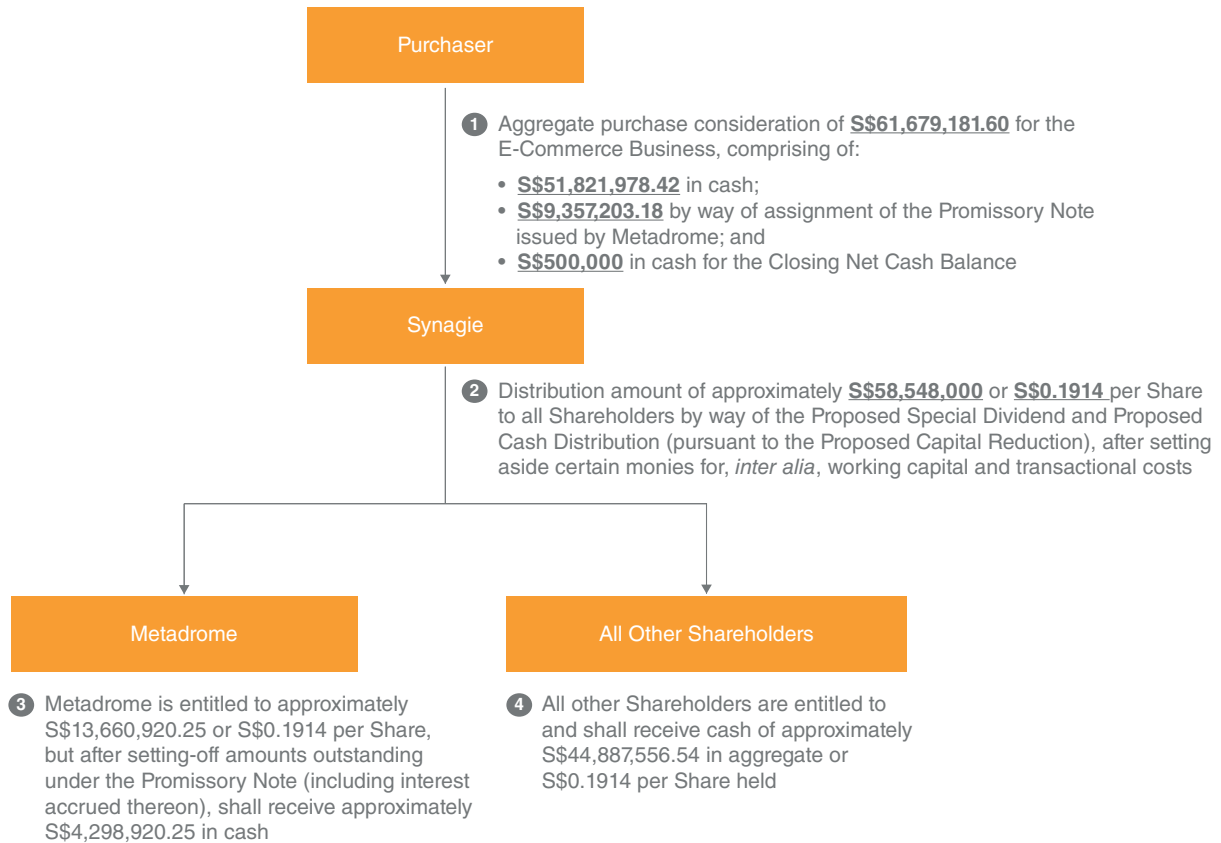
Subject to, *inter alia*, Shareholders’ or independent Shareholders’ approval (as the case may be) of the Proposed Transactions, and based on the information available to the Company as at the Latest Practicable Date, the Company intends to distribute an amount of approximately S\$58,548,000, or S\$0.1914 per Share² from the Consideration to the Shareholders as soon as practicable following Closing through the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction.

1 Being the Promissory Note Amount and the interest payable on the Promissory Note Amount for a period of two (2) months.

2 Based on the total number of issued Shares of 305,895,908 as at the Latest Practicable Date.

OVERVIEW

For illustration purposes only, the following diagram summarises the payment of the Consideration (including the Proposed Assignment of the Promissory Note) by the Purchaser to the Company, and the setting-off of the entire amount owing by Metadrome to the Company under the Promissory Note (including interest accrued thereon) against Metadrome's entitlement to the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction as a Shareholder:



SUMMARY OF APPROVALS SOUGHT

The Company is convening an extraordinary general meeting (“**EGM**”) to seek Shareholders’ or independent Shareholders’ approval (as the case may be) for the following proposals:

- the Proposed Disposal as an ordinary resolution;
- the Proposed Assignment of the Promissory Note as an ordinary resolution;
- the proposed one-tier tax-exempt special cash dividend of S\$0.1028 per Share³, amounting to an aggregate distribution of approximately S\$31,446,000 (the “**Proposed Special Dividend**”), as an ordinary resolution;
- the proposed capital reduction exercise to be undertaken by the Company pursuant to Section 78G read with Section 78I of the Companies Act (the “**Proposed Capital Reduction**”) to return to Shareholders approximately S\$0.0886 in cash for each Share³ held

³ Based on the total number of issued Shares of 305,895,908 as at the Latest Practicable Date.

OVERVIEW

by Shareholders or on their behalf as at the Capital Reduction Record Date, amounting to an aggregate distribution of approximately S\$27,102,000 (the **“Proposed Cash Distribution”**), as a special resolution; and

- (e) the proposed change of name of the Company from “Synagie Corporation Ltd.” to “V2Y Corporation Ltd.” (the **“Proposed Change of Name”**) as a special resolution,

(collectively, the **“Proposed Transactions”**).

Shareholders should note that each of the resolutions relating to the Proposed Transactions as set out in the Notice of EGM are inter-conditional. This means that if any of the resolutions for the Proposed Transactions as set out in the Notice of EGM is not passed, none of the other resolutions will be carried.

THE PROPOSED DISPOSAL

E-Commerce Business

The Proposed Disposal involves the disposal of the entire e-commerce, e-commerce enabler and logistics business (including the technology and business solutions in relation to the foregoing) carried on by the Company and the Target Companies as at the date of the SPA (excluding, for the avoidance of doubt, the insurtech business of the Group that is carried on by Synagie Pte. Ltd. and its subsidiaries) (the **“E-Commerce Business”**), including the legal and/or beneficial ownership in the shares of BTFL Pte. Ltd., Synagie Sdn. Bhd., Synagie (Vietnam) Company Ltd, Synagie (Thailand) Ltd., Synagie Inc., Synagie Hong Kong Limited and PT Synagie Ecommerce Indonesia (collectively, the **“Target Companies”**) held by the Company, and in each case, including any other shares issued by the Target Companies pursuant to the capitalisation of any shareholder’s loans extended by the Company to the Target Companies (such shares, the **“Sale Shares”**).

Please refer to Section 2 of this Circular for further details on the E-Commerce Business and the Target Companies.

Consideration and Valuation

The Consideration for the sale of the E-Commerce Business to the Purchaser, including the Sale Shares, shall be S\$61,679,181.60, which consists of:

- (a) a base consideration of S\$61,179,181.60, comprising an amount of:
 - (i) S\$51,821,978.42 in cash; and
 - (ii) an amount of S\$9,357,203.18 to be satisfied by the assignment of the Promissory Note by the Purchaser to the Company; and
- (b) an amount in cash equal to the Closing Net Cash Balance of the Target Companies, which shall not in any event exceed S\$500,000 (or an equivalent amount in other currencies).

The Consideration was arrived at after negotiations on an arm’s length basis and on a willing-buyer and willing-seller basis, taking into account the future business prospects of the Target Companies and comparable market transactions.

OVERVIEW

Based on an independent valuation of 100% of the equity interest in the capital of the Target Companies (based on the income approach as the primary approach) as at 30 June 2020 pursuant to a valuation report dated 28 August 2020 (the “**Valuation Report**”) issued by Cushman & Wakefield VHS Pte Ltd (the “**Independent Valuer**”), the valuation of 100% of the equity interest in the capital of the Target Companies was estimated to be in the range of S\$34,000,000 to S\$39,500,000. The independent valuation was commissioned by the Company. A summary of the Valuation Report is set out in Appendix B of this Circular.

Interested Person Transaction

The Company will be treating the Purchaser as an “interested person” for the purposes of Chapter 9 of the Catalist Rules. Accordingly, the Proposed Disposal will constitute an interested person transaction under Chapter 9 of the Catalist Rules. As the Consideration represents approximately 3,611.2% of the Group’s latest audited net tangible assets (“**NTA**”), the Proposed Disposal will be subject to the approval of the independent Shareholders at the EGM to be convened pursuant to Rule 906(1) of the Catalist Rules.

Major Transaction

The Proposed Disposal will be classified as a major transaction under Rule 1014 of the Catalist Rules and is conditional upon the approval of Shareholders at the EGM to be convened.

Section 160 of the Companies Act

As the Proposed Disposal represents substantially the whole of the undertaking of the Company, the Company is also required under Section 160 of the Companies Act to obtain the approval of the Shareholders at the EGM to be convened for the Proposed Disposal.

THE PROPOSED ASSIGNMENT

Interested Person Transaction

As at the Latest Practicable Date, Metadrome is a controlling shareholder of the Company and Metadrome is further an Associate of Mr Clement Lee, an Executive Director and Chief Executive Officer of the Company, as Mr Clement Lee is the sole beneficial owner of Metadrome. Metadrome is therefore an “interested person” under Chapter 9 of the Catalist Rules. Accordingly, the Proposed Assignment constitutes an interested person transaction under Chapter 9 of the Catalist Rules. As the Promissory Note Amount and interest payable thereon represents approximately 548.1% of the Group’s latest audited NTA, the Proposed Assignment will be subject to the approval of the independent Shareholders at the EGM to be convened pursuant to Rule 906(1) of the Catalist Rules.

Section 163(1) of the Companies Act

By accepting the assignment of the Promissory Note from the Purchaser to the Company on Closing, the Company will, in substance, be making a loan to Metadrome. As Mr Clement Lee is the sole beneficial owner of Metadrome, the Company is also required under Section 163(1) of the Companies Act to obtain the approval of the independent Shareholders at the EGM to be convened for the Proposed Assignment.

OVERVIEW

THE PROPOSED SPECIAL DIVIDEND

Subject to Closing, the Company proposes to distribute a one-tier tax-exempt special cash dividend of S\$0.1028 for each Share held by the Shareholders as at the Special Dividend Record Date, or an aggregate amount of approximately S\$31,446,000 based on the Company's issued and paid-up Shares comprising 305,895,908 Shares as at the Latest Practicable Date. The Proposed Special Dividend will be funded from the proceeds of the Proposed Disposal.

THE PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION

Subject to Closing, the Company proposes to undertake the Proposed Capital Reduction to return to Shareholders surplus share capital in excess of its needs by way of the Proposed Cash Distribution pursuant to Section 78G read with Section 78I of the Companies Act.

Through the Proposed Cash Distribution pursuant to the Proposed Capital Reduction, the Company is proposing to return to Shareholders approximately S\$0.0886 for each Share held by the Shareholders as at the Capital Reduction Record Date, or an aggregate amount of approximately S\$27,102,000 based on the Company's total issued and paid-up capital of approximately S\$29,014,000 comprising 305,895,908 Shares as at the Latest Practicable Date.

THE PROPOSED CHANGE OF NAME

Pursuant to the terms of the Proposed Disposal under the SPA, the Group will be required to change the names of the Company and its subsidiaries (which, for the avoidance of doubt, shall not include the Target Companies) to names which do not use, refer to or are otherwise derivatives of the name "Synagie" within 20 business days after Closing. Accordingly, the Company proposes to change the name of the Company from "Synagie Corporation Ltd." to "V2Y Corporation Ltd.".

RATIONALE FOR THE PROPOSED DISPOSAL, PROPOSED ASSIGNMENT, PROPOSED SPECIAL DIVIDEND, PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION

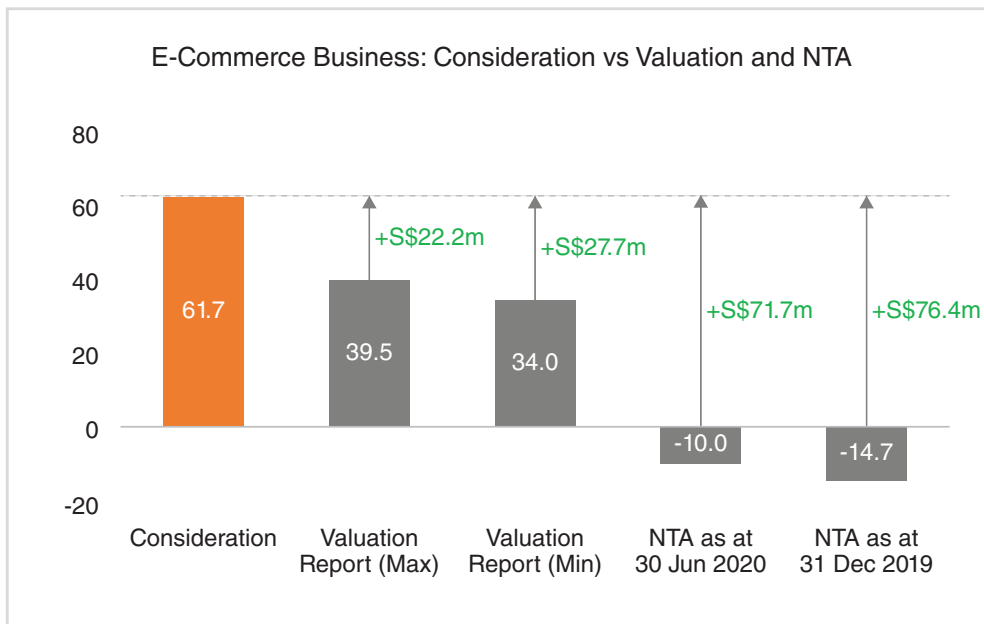
Opportunity for the Company and its Shareholders to Realise Immediate Value

The Consideration to be received for the E-Commerce Business represents:

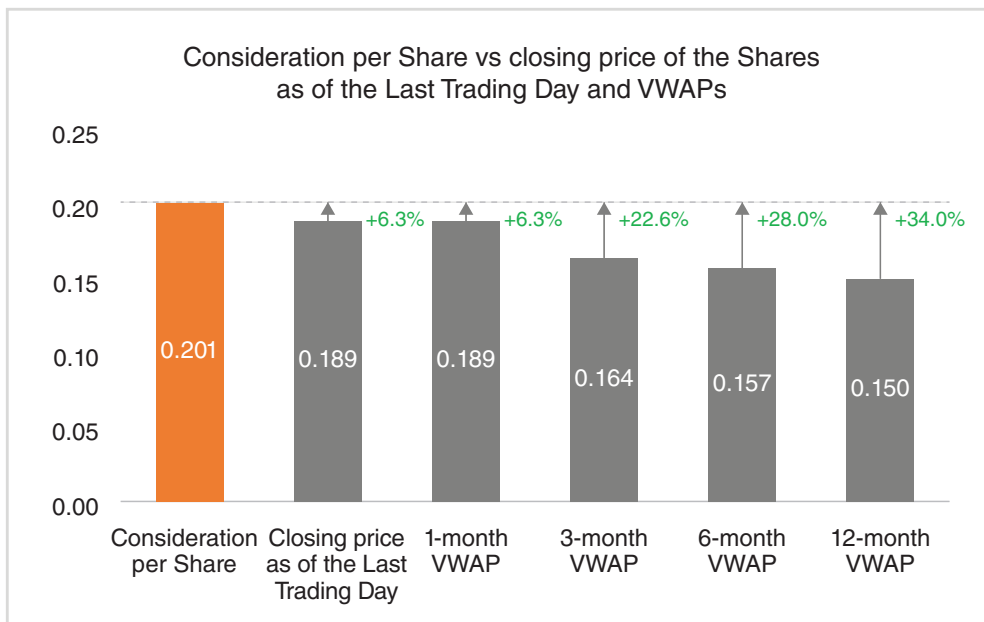
- (a) an excess over the NTA⁴ of the Target Companies of approximately S\$76,337,000 for FY2019 and S\$71,674,000 for 1H2020; and
- (b) an excess over the valuation of 100% of the equity interest in the capital of the Target Companies of approximately S\$22,179,000 to S\$27,679,000 based on the Valuation Report issued by the Independent Valuer.

⁴ Based on the latest audited consolidated financial statements of the Group for FY2019 and the latest unaudited consolidated financial statements of the Group for 1H2020, the NTA attributable to the Target Companies under the E-commerce Business is approximately S\$(14,658,000) and S\$(9,995,000), respectively.

OVERVIEW



Further, the Consideration is equivalent to approximately S\$0.201 per Share, which represents approximately 106.3% of the closing price of the Shares as of the Last Trading Day, and 106.3%, 122.6%, 128.0% and 134.0% of the volume weighted average price of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the Last Trading Day, respectively.



Through the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction, the Company intends to distribute an aggregate cash amount of approximately S\$0.1914⁵ for each Share held by Shareholders.

⁵ Based on the total number of issued Shares of 305,895,908 as at the Latest Practicable Date.

OVERVIEW

The following illustration sets out the effects of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution on the position of a Shareholder who holds 100 fully paid-up Shares:

	Shareholder with 100 Shares
Shareholding before the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution	
Number of Shares held ⁽¹⁾	100
Shareholding after the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution	
Cash received ⁽¹⁾	S\$19.14
Number of Shares held ⁽¹⁾	100

Note:

(1) On the assumption that such Shareholder does not deal in its Shares and holds 100 Shares as at the Special Dividend Record Date, the Capital Reduction Record Date and the effective date of the Proposed Capital Reduction.

Assuming Shareholders do not deal in their Shares, there will be no change to the shareholding interests held by Shareholders before and after the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution, and Shareholders will continue to be shareholders of the Company.

Mitigation of Ongoing Market Risks

To date, save for the net profit for the six (6) months ended 30 June 2020, the Company has been loss-making and has not paid any dividend since its initial public offering in August 2018. As at FY2019, the Group recorded accumulated losses of S\$15,910,000, mainly attributable to the E-Commerce Business which required significant capital resources for its operations and growth plans.

While the Group recorded a net profit for 1H2020, this was mainly driven by one-off business-to-business orders for COVID-19 related products such as masks, toilet rolls and thermometers which contributed more than S\$23,000,000 to the Group's revenue for 1H2020, representing more than half of the Group's revenue for 1H2020. Since 30 June 2020 to the Latest Practicable Date, the Group has not received any new business-to-business orders for COVID-19 related products. Accordingly, the Group believes that such revenue may not be sustainable moving forward and there is no assurance that the Group will remain profitable as the COVID-19 situation improves.

Given that the E-Commerce Business continues⁶ to be loss-making, and significant capital resources are required to maintain the Group's competitive advantage in brand support, regional presence and technology development, the Proposed Transactions allow Shareholders to immediately realise the value of their investments without any further exposure to market risks in the e-commerce, e-commerce enabler and logistics business, as compared to the realisation of value through potential future appreciation of the Company's share price and dividend payments, which may or may not materialise.

6 Excluding the non-recurring business-to-business orders for COVID-19 related products.

OVERVIEW

Opportunity to focus on the growth of the Company's insurtech business and explore other business opportunities

Following Closing, the Company will continue to own the insurtech business and will be able to focus its capital and resources (including an amount to be retained from the Consideration for working capital purposes after taking into account the amount to be distributed to Shareholders under the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction) on the growth of its insurtech business. Further, the Proposed Disposal will provide the Company with the opportunity to explore other business opportunities to grow the business of the Group and maximise returns for Shareholders, such as expanding their extended warranty business for both the public and private sectors, and the acquisition of other sustainable and viable businesses.

In conjunction with the expansion of the insurtech business, the Company also intends to explore and pursue opportunities to acquire sustainable and viable businesses to grow the business of the Group and maximise returns for Shareholders following Closing.

VOTING UNDERTAKINGS

The following Shareholders have undertaken to vote in favour of the Proposed Transactions and not to sell, transfer or otherwise dispose of their Shares until the conclusion of the EGM:

- (a) Agate Investments Limited as holder of 34,921,693 Shares, representing approximately 11.42% of the total number of issued Shares;
- (b) Harmony Treasure Holdings Ltd as holder of 21,880,693 Shares, representing approximately 7.15% of the total number of issued Shares; and
- (c) Ms Tai Lai Fun Cindy as holder of 14,898,250 Shares, representing approximately 4.87% of the total number of issued Shares,

each as at the Latest Practicable Date.

RECOMMENDATION OF THE INDEPENDENT FINANCIAL ADVISER

Based on the IFA Letter, having regard to the considerations as set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that the Proposed Disposal and the Proposed Assignment are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the IFA advises the Non-interested Directors to recommend that the independent Shareholders vote in favour of the Proposed Disposal and the Proposed Assignment. A copy of the IFA Letter dated 4 September 2020 is set out in Appendix A of this Circular. Shareholders are advised to read the IFA Letter carefully.

RECOMMENDATIONS OF THE DIRECTORS

Proposed Disposal

Having reviewed and considered, *inter alia*, the terms, rationale and financial effects of the Proposed Disposal, as well as the advice and opinion of the IFA, the Non-interested Directors are of the opinion that the Proposed Disposal is in the interests of the Company and accordingly recommend that independent Shareholders **vote in favour** of the ordinary resolution relating to the Proposed Disposal, as set out in the Notice of EGM.

OVERVIEW

Proposed Assignment

Having reviewed and considered, *inter alia*, the terms, rationale and financial effects of the Proposed Assignment, as well as the advice and opinion of the IFA, the Non-interested Directors are of the opinion that the Proposed Assignment is in the interests of the Company and accordingly recommend that independent Shareholders **vote in favour** of the ordinary resolution relating to the Proposed Assignment, as set out in the Notice of EGM.

Proposed Special Dividend

Having reviewed and considered, *inter alia*, the terms and financial effects of the Proposed Special Dividend, the Directors are of the opinion that the Proposed Special Dividend is in the interests of the Company and accordingly recommend that Shareholders **vote in favour** of the ordinary resolution relating to the Proposed Special Dividend, as set out in the Notice of EGM.

Proposed Capital Reduction and Proposed Cash Distribution

Having reviewed and considered, *inter alia*, the terms and financial effects of the Proposed Capital Reduction and the Proposed Cash Distribution, the Directors are of the opinion that the Proposed Capital Reduction and the Proposed Cash Distribution are in the interests of the Company and accordingly recommend that Shareholders **vote in favour** of the special resolution relating to the Proposed Capital Reduction and the Proposed Cash Distribution, as set out in the Notice of EGM.

Proposed Change of Name

Having reviewed and considered, *inter alia*, the rationale of the Proposed Change of Name, the Directors are of the opinion that the Proposed Change of Name is in the interests of the Company and accordingly recommend that Shareholders **vote in favour** of the special resolution relating to the Proposed Change of Name, as set out in the Notice of EGM.

DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

"1H2020"	:	The six (6) month financial period ended 30 June 2020
"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"Announcement"	:	The announcement by the Company dated 5 August 2020 in relation to the Proposed Disposal and the Proposed Assignment
"Associate"	:	<p>(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:</p> <p>(i) his immediate family;</p> <p>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;</p> <p>(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</p>
"Audit Committee"	:	The audit committee of the Company as at the Latest Practicable Date
"Awards"	:	Awards granted by the Company to participants under the Synagie PSP pursuant to which Shares will be allotted and issued to such participants upon the vesting of the awards
"Board"	:	The board of Directors of the Company as at the Latest Practicable Date
"Capital Reduction Record Date"	:	In relation to the Proposed Capital Reduction, the date to be announced by the Company on which the transfer books of the Company and the Register of Members will be closed in order to determine the entitlements of Shareholders thereunder

DEFINITIONS

“Catalist Rules”	:	Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited’s Listing Manual
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 4 September 2020
“Closing”	:	Completion of the Proposed Disposal in accordance with the terms of the SPA
“Closing Date”	:	The first business day falling ten (10) business days following the notification of the satisfaction or waiver of the last of the Conditions Precedent, or such other date as may be agreed in writing between the Purchaser and the Company
“Closing Net Cash Balance”	:	Has the meaning ascribed to it in Section 3.2(b) of this Circular
“Combined Unaudited Financial Statements”	:	The unaudited combined financial statements of the Target Companies (other than Synagie HK and Synagie ID) for the 12-month period ended on 31 December 2019
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	Synagie Corporation Ltd.
“Conditions Precedent”	:	Has the meaning ascribed to it in Section 3.3 of this Circular
“Consideration”	:	S\$61,679,181.60, being the aggregate consideration for the Proposed Disposal
“controlling shareholder”	:	<p>A person who:</p> <p>(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this definition is not a controlling shareholder; or</p> <p>(b) in fact exercises control over the Company</p>
“Court”	:	The High Court of the Republic of Singapore
“COVID-19 Act”	:	The COVID-19 (Temporary Measures) Act 2020, as amended, modified or supplemented from time to time

DEFINITIONS

“COVID-19 Order”	:	The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as amended, modified or supplemented from time to time
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“E-Commerce Business”	:	The entire e-commerce, e-commerce enabler and logistics business (including the technology and business solutions in relation to the foregoing) carried on by the Company and the Target Companies as at the date of the SPA (excluding, for the avoidance of doubt, the insurtech business of the Group that is carried on by Synagie Pte. Ltd. and its subsidiaries)
“entity at risk”	:	<p>(a) the Company;</p> <p>(b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or</p> <p>(c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company</p>
“EGM”	:	The extraordinary general meeting of the Company to be held on 28 September 2020 at 10.00 a.m., notice of which is given on pages 128 to 132 of this Circular
“EPS”	:	Earnings per Share
“Founders”	:	Collectively, Mr Clement Lee, Ms Zanetta Lee and Ms Olive Tai
“FY”	:	Financial year ended or ending 31 December
“Group”	:	The Company and its subsidiaries from time to time
“HKD”	:	Hong Kong Dollars, the lawful currency of Hong Kong
“IDR”	:	Indonesian Rupiah, the lawful currency of Indonesia
“IFA”	:	Novus Corporate Finance Pte. Ltd., the independent financial adviser to the Non-interested Directors in relation to the Proposed Disposal and the Proposed Assignment
“IFA Letter”	:	The IFA’s letter dated 4 September 2020 to the Non-interested Directors, as set out in Appendix A to this Circular

DEFINITIONS

“Independent Valuer”	:	Cushman & Wakefield VHS Pte Ltd
“interested person”	:	<p>(a) a director, chief executive officer, or controlling shareholder of the Company; or</p> <p>(b) an Associate of any such director, chief executive officer, or controlling shareholder.</p> <p>The SGX-ST may deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into: (i) a transaction with an “entity at risk”; and (ii) an agreement or arrangement with an interested person in connection with that transaction</p>
“interested person transaction”	:	A transaction between an “entity at risk” and an “interested person”
“Investors”	:	Investors holding shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act)
“Last Trading Day”	:	29 July 2020, being the last market day preceding the date of the SPA
“Latest Practicable Date”	:	28 August 2020, being the latest practicable date prior to the issue of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Meranti”	:	Meranti ASEAN Growth Fund, L.P.
“Metadrome”	:	Metadrome Ltd.
“Mr Clement Lee”	:	Mr Lee Shieh-Peen Clement
“Ms Olive Tai”	:	Ms Tai Ho Yan
“Ms Zanetta Lee”	:	Ms Zanetta Lee Yue (Zanetta Li Yu)
“NAV”	:	Net asset value
“Net Distributable Amount”	:	Has the meaning ascribed to it in Section 4 of this Circular
“Non-interested Directors”	:	The Directors who are considered independent in relation to the Proposed Disposal and the Proposed Assignment, being as at the Latest Practicable Date, Mr Lim Chuan Poh, Mr Chue En Yaw and Mr Ong Shen Chieh (Wang Shengjie)
“Notice of EGM”	:	The notice of EGM set out on pages 128 to 132 of this Circular

DEFINITIONS

“NTA”	:	Net tangible asset
“Options”	:	Options granted by the Company to grantees under the Synagie ESOS
“PHP”	:	Philippine Peso, the lawful currency of Philippines
“Promissory Note”	:	The interest-bearing promissory note in the principal amount of S\$9,357,203.18 issued by Metadrome, which is to be assigned by the Purchaser to the Company pursuant to the terms of the SPA
“Promissory Note Amount”	:	S\$9,357,203.18, being the principal amount of the Promissory Note
“Proposed Assignment”	:	The proposed assignment of the Promissory Note by the Purchaser to the Company on the terms and subject to the conditions set out in the SPA
“Proposed Capital Reduction”	:	The proposed capital reduction exercise to be undertaken by the Company pursuant to Section 78G read with Section 78I of the Companies Act to effect the Proposed Cash Distribution, details of which are set out in Section 9 of this Circular
“Proposed Cash Distribution”	:	The proposed cash distribution by the Company to Shareholders of approximately S\$0.0886 in cash for each Share held by Shareholders or on their behalf as at the Capital Reduction Record Date, amounting to an aggregate distribution of approximately S\$27,102,000, details of which are set out in Section 9 of this Circular
“Proposed Change of Name”	:	The proposed change of name of the Company from “Synagie Corporation Ltd.” to “V2Y Corporation Ltd.”
“Proposed Disposal”	:	The proposed disposal by the Company to the Purchaser of the E-Commerce Business, including the Sale Shares, on the terms and subject to the conditions set out in the SPA
“Proposed Special Dividend”	:	The proposed one-tier tax-exempt special cash dividend of S\$0.1028 per Share, amounting to an aggregate distribution of approximately S\$31,446,000, details of which are set out in Section 8 of this Circular
“Proposed Transactions”	:	Collectively, the Proposed Assignment, the Proposed Capital Reduction, the Proposed Cash Distribution, the Proposed Disposal, the Proposed Special Dividend and the Proposed Change of Name
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular

DEFINITIONS

“Purchaser”	:	Synagistics Pte. Ltd.
“Purchaser Shareholders”	:	Collectively, Meranti, Alibaba Singapore Holding Private Limited, Metadrome, Ms Zanetta Lee and Venture Lab Pte. Ltd.
“Register of Members”	:	The Register of Members of the Company
“Registration Cut-Off Time”	:	Has the meaning ascribed to it in Section 20.1(a) of this Circular
“RHTC”	:	RHT Capital Pte. Ltd., the financial adviser to the Company in respect of the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution
“RM”	:	Malaysian Ringgit, the lawful currency of Malaysia
“Sale Shares”	:	<ul style="list-style-type: none"> (a) 5,932,142 ordinary shares, representing 100% of the issued share capital of Synagie SG; (b) 1,250,000 ordinary shares, representing 100% of the issued share capital of Synagie Sdn. Bhd.; (c) 100% of the contributed capital of Synagie (Vietnam) Company Ltd; (d) 48,900 ordinary shares, representing 48.9% of the issued share capital of Synagie TH; (e) legal and beneficial ownership over 10,999,995 common shares, representing more than 99.9% of the issued share capital of Synagie PH, and beneficial ownership over five (5) common shares held by five individual nominee shareholders, representing less than 0.1% of the issued share capital of Synagie PH; (f) one (1) ordinary share, representing 100% of the issued share capital of Synagie Hong Kong Limited; and (g) 24,975,000 ordinary shares, representing 99.6% of the issued share capital of PT Synagie Ecommerce Indonesia,

and in each case, including any other shares issued by the Target Companies pursuant to the capitalisation of any shareholder’s loans extended by the Company to the Target Companies

DEFINITIONS

“Securities Accounts”	:	Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	The share registrar of the Company
“Shareholders”	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and whose Securities Accounts maintained by CDP are credited with those Shares
“Shares”	:	Ordinary shares in the capital of the Company
“SPA”	:	The sale and purchase agreement dated 5 August 2020 between the Company, the Purchaser and Metadrome in relation to the Proposed Disposal and the Proposed Assignment
“Special Dividend Record Date”	:	In relation to the Proposed Special Dividend, the date to be announced by the Company on which the transfer books of the Company and the Register of Members will be closed in order to determine the entitlements of Shareholders thereunder
“Sponsor”	:	The sponsor of the Company, RHT Capital Pte. Ltd.
“SRS Investor”	:	An investor who holds shares under the Supplementary Retirement Scheme
“Substantial Shareholder”	:	A person who has an interest directly or indirectly in 5% or more of the total number of voting Shares of the Company
“Synagie ESOS”	:	The Synagie Employee Share Option Scheme, which was approved and adopted by the Company on 25 July 2018
“Synagie PSP”	:	The Synagie Performance Share Plan, which was approved and adopted by the Company on 25 July 2018
“Synagie HK”	:	Synagie Hong Kong Limited
“Synagie ID”	:	PT Synagie Ecommerce Indonesia
“Synagie PH”	:	Synagie Inc.

DEFINITIONS

“Synagie SG”	:	BTFL Pte. Ltd.
“Synagie TH”	:	Synagie (Thailand) Ltd.
“S\$” or “\$” and “cents”	:	Singapore dollars and cents, respectively
“Target Companies”	:	Collectively, BTFL Pte. Ltd., Synagie Sdn. Bhd, Synagie (Vietnam) Company Ltd, Synagie (Thailand) Ltd, Synagie Inc., Synagie Hong Kong Limited and PT Synagie Ecommerce Indonesia, and each shall be referred to as a “Target Company”
“THB”	:	Thai Baht, the lawful currency of Thailand
“US\$” or “USD”	:	United States dollar, the lawful currency of the United States of America
“Valuation Report”	:	The valuation report dated 28 August 2020 issued by Cushman & Wakefield VHS Pte Ltd in relation to the independent valuation of 100% of the equity interest in the capital of the Target Companies, a summary of which is set out in Appendix B to this Circular
“VND”	:	Vietnamese Dong, the lawful currency of Vietnam
“W&I Insurance Policy”	:	Has the meaning ascribed to it in Section 3.6 of this Circular
“%” or “per cent.”	:	Percentage or per centum

The terms **“subsidiary”** and **“associated company”** shall have the meanings ascribed to them in the Catalist Rules and Section 5 of the Companies Act, as the case may be.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment for the time being. Any word defined under the Companies Act, the SFA, the Catalist Rules or any relevant laws of the Republic of Singapore or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or any relevant laws of the Republic of Singapore or any modification thereof, as the case may be, unless otherwise provided.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day and date in this Circular is a reference to Singapore time and date, respectively, unless otherwise stated.

DEFINITIONS

Certain monetary amounts and percentages in this Circular have been subject to rounding adjustments. Any discrepancies in figures included in this Circular of an arithmetic aggregation of such figures or derivatives of such figures are due to rounding.

Unless otherwise stated, references in this Circular to the total number of issued Shares are based on 305,895,908 Shares in issue as at the Latest Practicable Date.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.

LETTER TO SHAREHOLDERS

SYNAGIE CORPORATION LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201717972D)

Board of Directors

Mr Lim Chuan Poh (*Non-Executive and Independent Chairman*)
Mr Lee Shieh-Peen Clement (*Executive Director and Chief Executive Officer*)
Ms Tai Ho Yan (*Executive Director*)
Ms Zanetta Lee Yue (Zanetta Li Yu) (*Executive Director*)
Mr Chue En Yaw (*Non-Executive and Independent Director*)
Mr Ong Shen Chieh (Wang Shengjie) (*Non-Executive and Independent Director*)

Registered Office

38 Jalan Pemimpin, #05-09,
M38, Singapore
577178

4 September 2020

To: **The Shareholders of Synagie Corporation Ltd.**

Dear Sir/Madam

- (1) **THE PROPOSED DISPOSAL OF THE ENTIRE E-COMMERCE, E-COMMERCE ENABLER AND LOGISTICS BUSINESS OF THE GROUP**
- (2) **THE PROPOSED ASSIGNMENT OF THE PROMISSORY NOTE**
- (3) **THE PROPOSED SPECIAL DIVIDEND**
- (4) **THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED CASH DISTRIBUTION**
- (5) **THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM “SYNAGIE CORPORATION LTD.” TO “V2Y CORPORATION LTD.”**

1. INTRODUCTION

1.1 Proposed Disposal

Synagie Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) had announced on 5 August 2020 that the Company entered into a sale and purchase agreement dated 5 August 2020 (the “**SPA**”) with Synagistics Pte. Ltd. (the “**Purchaser**”), as a purchaser, and Metadrome Ltd. (“**Metadrome**”), as a guarantor to the Company, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the E-Commerce Business, including the Sale Shares, upon the terms and subject to the conditions of the SPA, for an aggregate consideration of S\$61,679,181.60 (the “**Consideration**”) (the “**Proposed Disposal**”).

The Proposed Disposal constitutes:

- (a) an interested person transaction under Chapter 9 of the Catalist Rules;
- (b) a major transaction under Chapter 10 of the Catalist Rules; and

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- (c) a disposal of substantially the whole of the undertaking of the Company under Section 160 of the Companies Act.

Accordingly, the Proposed Disposal is subject to the approval of the independent Shareholders being obtained at the EGM to be convened.

Following completion of the Proposed Disposal, the Target Companies will cease to be subsidiaries and/or associated companies (as the case may be) of the Company and the Company will continue to own the insurtech business. Further information relating to the insurtech business is set out in Section 5 of this Circular.

1.2 Proposed Assignment

Pursuant to the terms of the SPA, a portion of the Consideration, being an amount of S\$9,357,203.18, will be paid by the Purchaser to the Company by way of assignment of an interest-bearing promissory note in the principal amount of S\$9,357,203.18 (the **"Promissory Note Amount"**) issued by Metadrome (the **"Promissory Note"**) (the **"Proposed Assignment"**). The entire amount owing by Metadrome under the Promissory Note (including interest accrued thereon), which is estimated to be approximately S\$9,362,000⁷, will thereafter be set-off against Metadrome's entitlement to the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction.

The Proposed Assignment constitutes:

- (a) an interested person transaction under Chapter 9 of the Catalist Rules; and
- (b) a loan by the Company to another company which a Director is interested in 20% or more of the total voting power of the second-mentioned company under Section 163(1) of the Companies Act.

Accordingly, the Proposed Assignment is subject to the approval of the independent Shareholders being obtained at the EGM to be convened.

1.3 Proposed Special Dividend, Proposed Capital Reduction and Proposed Cash Distribution

As stated in the Announcement, the Company intends to distribute the Net Distributable Amount from the Proposed Disposal to Shareholders through the Proposed Special Dividend and the Proposed Capital Reduction.

- (a) Proposed Special Dividend. The Board is recommending a one-tier tax-exempt special cash dividend of S\$0.1028 per Share⁸ (the **"Proposed Special Dividend"**) to be paid out from the Net Distributable Amount. The Proposed Special Dividend is subject to and contingent upon, *inter alia*, Shareholders' or independent Shareholders' approval (as the case may be) of the Proposed Transactions at the EGM to be convened and Closing taking place in accordance with the SPA.

⁷ Being the Promissory Note Amount and the interest payable on the Promissory Note Amount for a period of two (2) months.

⁸ Based on the total number of issued Shares of 305,895,908 as at the Latest Practicable Date.

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Further details on the Proposed Special Dividend are set out in Section 8 of this Circular.

- (b) Proposed Capital Reduction and Proposed Cash Distribution. The Company is also proposing to undertake the Proposed Capital Reduction pursuant to which the Company will return to Shareholders approximately S\$0.0886 for each Share⁹ (the “**Proposed Cash Distribution**”) held by Shareholders as at the Capital Reduction Record Date. The Proposed Capital Reduction and the Proposed Cash Distribution is subject to and contingent upon, *inter alia*, Shareholders’ or independent Shareholders’ approval (as the case may be) of the Proposed Transactions at the EGM to be convened and Closing taking place in accordance with the SPA.

Further details on the Proposed Capital Reduction and the Proposed Cash Distribution are set out in Section 9 of this Circular.

Subject to and conditional upon, *inter alia*, Shareholders’ or independent Shareholders’ approval (as the case may be) of the Proposed Transactions at the EGM to be convened and Closing taking place in accordance with the SPA, Shareholders would receive an aggregate amount of approximately S\$58,548,000, or S\$0.1914 per Share⁹ by way of the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction.

1.4 Proposed Change of Name

In connection with the Proposed Disposal pursuant to the terms of the SPA, the Company has undertaken to the Purchaser that it shall, following Closing, change the name of the Company and its subsidiaries (which, for the avoidance of doubt, shall not include the Target Companies) to names which do not use, refer to or are otherwise derivatives of the name “Synagie” within 20 business days after Closing. Accordingly, the Company is proposing to change the name of the Company from “Synagie Corporation Ltd.” to “V2Y Corporation Ltd.” (the “**Proposed Change of Name**”).

The Proposed Change of Name is subject to and contingent upon, *inter alia*, Shareholders’ or independent Shareholders’ approval (as the case may be) of the Proposed Transactions at the EGM to be convened and Closing taking place in accordance with the SPA.

Further details on the Proposed Change of Name are set out in Section 11 of this Circular.

1.5 Financial Adviser

RHT Capital Pte. Ltd. (“**RHTC**”) has been appointed as the financial adviser to the Company in respect of the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution.

1.6 Legal Adviser

Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company in respect of the Proposed Transactions.

9 Based on the total number of issued Shares of 305,895,908 as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

1.7 EGM

The Company is convening an EGM to be held by way of electronic means on 28 September 2020 at 10.00 a.m., the notice of which is set out at pages 128 to 132 of this Circular, to seek Shareholders' and independent Shareholders' approval (as the case may be) for the Proposed Transactions.

1.8 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Transactions, and to seek Shareholders' or independent Shareholders' approval (as the case may be) for the following proposals at the forthcoming EGM:

- (a) the Proposed Disposal as an ordinary resolution;
- (b) the Proposed Assignment of the Promissory Note as an ordinary resolution;
- (c) the Proposed Special Dividend as an ordinary resolution;
- (d) the Proposed Capital Reduction and the Proposed Cash Distribution as a special resolution; and
- (e) the Proposed Change of Name as a special resolution.

The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements or opinions made, reports contained and opinions expressed in this Circular. **If any Shareholder is in any doubt as to the action he should take, he should consult his bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

1.9 Inter-conditionality of Resolutions

Shareholders should note that each of the resolutions relating to the Proposed Transactions as set out in the Notice of EGM are inter-conditional. This means that if any of the resolutions for the Proposed Transactions as set out in the Notice of EGM is not passed, none of the other resolutions will be carried.

2. INFORMATION ON THE E-COMMERCE BUSINESS, THE TARGET COMPANIES, THE PURCHASER AND METADROME

2.1 Information on the E-Commerce Business

The Proposed Disposal involves the disposal of the entire e-commerce, e-commerce enabler and logistics business (including the technology and business solutions in relation to the foregoing) carried on by the Company and the Target Companies as at the date of the SPA (excluding, for the avoidance of doubt, the insurtech business of the Group that is carried on by Synagie Pte. Ltd. and its subsidiaries) (the **"E-Commerce Business"**), including the legal and/or beneficial ownership in the following subsidiaries and associated companies:

- (a) 5,932,142 ordinary shares, representing 100% of the issued share capital of Synagie SG;

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- (b) 1,250,000 ordinary shares, representing 100% of the issued share capital of Synagie Sdn. Bhd.;
- (c) 100% of the contributed capital of Synagie (Vietnam) Company Ltd;
- (d) 48,900 ordinary shares, representing 48.9% of the issued share capital of Synagie TH;
- (e) legal and beneficial ownership over 10,999,995 common shares, representing more than 99.9% of the issued share capital of Synagie PH, and beneficial ownership over five (5) common shares held by five individual nominee shareholders, representing less than 0.1% of the issued share capital of Synagie PH;
- (f) one (1) ordinary share, representing 100% of the issued share capital of Synagie HK; and
- (g) 24,975,000 ordinary shares, representing 99.6% of the issued share capital of Synagie ID,

(such companies, the “**Target Companies**” and each a “**Target Company**”) and in each case, including any other shares issued by the Target Companies pursuant to the capitalisation of any shareholder’s loans extended by the Company to the Target Companies (such shares, the “**Sale Shares**”).

2.2 Information on the Target Companies

Certain details of the Target Companies are set out as follows:

Name (Country of Incorporation)	Particulars of registered/ paid-up capital	Percentage of equity interest attributable to the Company	Principal Business Activity
BTFL Pte. Ltd. (Singapore)	S\$7,400,000	100%	Value added logistics providers and retail sale via internet
Synagie Sdn. Bhd. (Malaysia)	RM1,250,000	100%	Warehousing and storage services, retail sale of any kind of product over the internet and wholesale of other household goods
Synagie (Vietnam) Company Ltd (Vietnam)	VND230,000,000	100%	Wholesale, retail distribution of goods, and express services

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Name (Country of Incorporation)	Particulars of registered/ paid-up capital	Percentage of equity interest attributable to the Company	Principal Business Activity
Synagie (Thailand) Ltd. (Thailand)	THB1,000,000/ THB250,000	48.9%	E-Commerce and the provision of consultancy services on management, coordination and support associated with e-Commerce
Synagie Inc. (Philippines)	PHP11,000,000	99.9%	Wholesale trading of goods and merchandise
Synagie Hong Kong Limited (Hong Kong)	HKD1.00	100%	Trading and distribution of personal care and beauty products
PT Synagie Ecommerce Indonesia (Indonesia)	IDR2,507,500,000	99.6%	Retail trade through media platforms for a mixture of goods, and computer programming and its related activities

2.3 Financial Information on the Target Companies

Based on the latest audited consolidated financial statements of the Group for the full year ended 31 December 2019 (“FY2019”):

- (a) the net asset value (“NAV”) and net tangible asset (“NTA”) attributable to the Target Companies is approximately S\$(14,122,000) and S\$(14,658,000), respectively;
- (b) the net loss before tax attributable to the Target Companies is approximately S\$8,494,000; and
- (c) the Consideration represents an excess of approximately S\$76,337,000 over the NTA of the Target Companies¹⁰.

Based on the latest unaudited consolidated financial statements of the Group for the half year ended 30 June 2020 (“1H2020”):

- (a) the NAV and NTA attributable to the Target Companies is approximately S\$(9,324,000) and S\$(9,995,000), respectively;
- (b) the net profit before tax attributable to the Target Companies is approximately S\$4,786,000; and

¹⁰ The NTA as at 31 December 2019 does not take into account the capitalisation, repayment and/or waiver of loans by the Company to the Target Companies which is a condition precedent to the Closing.

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- (c) the Consideration represents an excess of approximately S\$71,674,000 over the NTA of the Target Companies¹¹.

2.4 Valuation of the Target Companies

Based on an independent valuation of 100% of the equity interest in the capital of the Target Companies (based on the income approach as the primary approach) as at 30 June 2020 pursuant to a valuation report dated 28 August 2020 (the “**Valuation Report**”) issued by Cushman & Wakefield VHS Pte Ltd (the “**Independent Valuer**”), the valuation of 100% of the equity interest in the capital of the Target Companies was estimated to be in the range of S\$34,000,000 to S\$39,500,000. The independent valuation was commissioned by the Company.

A summary of the Valuation Report is set out in Appendix B of this Circular.

2.5 Information on the Purchaser

The Purchaser is a company incorporated in Singapore on 28 July 2020 and is principally engaged in the business of investment holding. The Purchaser will comprise a consortium of investors led by Meranti ASEAN Growth Fund, L.P. (“**Meranti**”), a fund managed by Gobi Partners group.

As at the date of the SPA and the Latest Practicable Date, Metadrome is the sole shareholder of the Purchaser. Prior to Closing, Meranti and Alibaba Singapore Holding Private Limited will become shareholders of the Purchaser. At Closing, Ms Zanetta Lee Yue (Zanetta Li Yu) (“**Ms Zanetta Lee**”) and Venture Lab Pte. Ltd. will also become shareholders of the Purchaser (collectively, and together with Metadrome, Meranti and Alibaba Singapore Holding Private Limited, the “**Purchaser Shareholders**”).

As at the Latest Practicable Date, Metadrome is a controlling shareholder of the Company, holding a direct interest in 71,373,669 Shares representing approximately 23.33% of the total number of issued Shares. Mr Lee Shieh-Peen Clement (“**Mr Clement Lee**”), an Executive Director and Chief Executive Officer of the Company, is the sole beneficial owner of Metadrome. Further information relating to Metadrome is set out in Section 2.6 of this Circular.

Ms Zanetta Lee is an Executive Director of the Company and the sibling of Mr Clement Lee. Venture Lab Pte. Ltd. is a company incorporated in Singapore and is wholly-owned by Ms Tai Ho Yan (“**Ms Olive Tai**”), who is an Executive Director of the Company. It is expected that the aggregate shareholding interest of Metadrome, Ms Zanetta Lee and Venture Lab Pte. Ltd. in the Purchaser shall be (i) approximately 15% as at Closing, and (ii) approximately 31% after Closing and the completion of their respective subscriptions of shares in the Purchaser. The aggregate shareholding of Metadrome and Ms Zanetta Lee will not exceed 30%.

Meranti is a US\$200 million fund aimed at investing into growth-stage start-ups in ASEAN. It is a fund established and managed by the Gobi Partners group which is one of the longest standing venture capital firms with a Pan-Asian presence across North Asia, South Asia, and ASEAN with over US\$1.1 billion in assets under management.

11 The NTA as at 30 June 2020 does not take into account the capitalisation, repayment and/or waiver of loans by the Company to the Target Companies which is a condition precedent to the Closing.

LETTER TO SHAREHOLDERS

2.6 Information on Metadrome

Metadrome is a company incorporated in the British Virgin Islands. As at the Latest Practicable Date, Metadrome is a controlling shareholder of the Company, holding a direct interest in 71,373,669 Shares representing approximately 23.33% of the total number of issued Shares. Mr Clement Lee, an Executive Director and Chief Executive Officer of the Company, is the sole beneficial owner of Metadrome. Metadrome is principally an investment holding company.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 Sale and Purchase of the E-Commerce Business

Pursuant to the SPA, the Company agrees to sell, and the Purchaser, relying on, *inter alia*, the representations, warranties and undertakings contained in the SPA, agrees to purchase, the E-Commerce Business, including the Sale Shares.

The Sale Shares shall be sold by the Company free from encumbrances and together with all rights and advantages attaching thereto as at the date of the SPA (including the right to receive all dividends or distributions declared, made or paid on or after the date of the SPA, other than pursuant to the certain permitted leakages in accordance with the terms of the SPA).

3.2 Consideration

The Consideration for the sale of the E-Commerce Business to the Purchaser, including the Sale Shares, shall be S\$61,679,181.60, which consists of:

- (a) a base consideration of S\$61,179,181.60, comprising an amount of:
 - (i) S\$51,821,978.42 in cash; and
 - (ii) an amount of S\$9,357,203.18 to be satisfied by the assignment of the Promissory Note by the Purchaser to the Company; and
- (b) an amount in cash equal to the closing net cash balance of the Target Companies ("**Closing Net Cash Balance**"), being the aggregate amount of cash and cash equivalents of the Target Companies as at Closing (not including the aggregate amount of restricted cash of the Target Companies as at Closing), less (i) the aggregate amount of borrowings and indebtedness (if any) of the Target Companies as at Closing (which, for avoidance of doubt, shall exclude trade and other payables incurred in the ordinary course of business) and (ii) the aggregate amount payable by the Target Companies to identified financiers as at Closing, provided that the Closing Net Cash Balance shall not in any event exceed S\$500,000 (or an equivalent amount in other currencies).

The Consideration was arrived at after negotiations on an arm's length basis and on a willing-buyer and willing-seller basis, taking into account the future business prospects of the Target Companies and comparable market transactions.

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3.3 Conditions Precedent

The Proposed Disposal is conditional upon the satisfaction (or waiver) of, *inter alia*, the following conditions (“**Conditions Precedent**”):

- (a) Shareholders’ approval. The passing at a general meeting of the Company of resolutions to approve:
 - (i) the Proposed Disposal;
 - (ii) the Proposed Assignment of the Promissory Note;
 - (iii) the Proposed Special Dividend;
 - (iv) the Proposed Capital Reduction and the Proposed Cash Distribution; and
 - (v) the Proposed Change of Name;
- (b) Third-party consents. The consents of counterparties in respect of the sale and purchase of the E-Commerce Business, including the Sale Shares, having been obtained where such contracts or undertakings contains any restrictions or prohibition on the change in control of the shareholdings and/or the boards of directors of any Target Company or includes any right to terminate exercisable prior to or as a result of any matter contemplated by the SPA;
- (c) Material Licences. The licences, authorisations, orders, grants, confirmations, permissions, registrations, consents, permits and other approvals necessary for or in respect of the sale and purchase of the E-Commerce Business, including the Sale Shares, by the Purchaser and/or which are material or desirable to the E-Commerce Business having been obtained;
- (d) Regulatory Conditions. The fulfilment of any conditions or requirements that may be imposed by the Sponsor, the SGX-ST and/or any other governmental or regulatory bodies in relation to the sale and purchase of the E-Commerce Business, including the Sale Shares;
- (e) Termination of related party transactions. The termination or amendment of the agreements and transactions between the Target Companies and the Company, the Founders or any of their affiliates to the reasonable satisfaction of the Purchaser;
- (f) Repayment of shareholder’s loans. The repayment, waiver or capitalisation in full of all of the shareholder’s loans extended by the Company to the Target Companies;
- (g) Completion of restructuring of Synagie TH. The completion of the restructuring of Synagie TH in the manner agreed between the Purchaser and the Company;
- (h) No material breach. There being no material breach of any of the Company’s undertakings or obligations under the SPA or of any warranties provided by the Company as if such warranty was repeated on Closing by reference to the facts or circumstances then existing; and

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- (i) **No material adverse effect.** There being no occurrence of a material adverse effect. A material adverse effect means save for any permitted leakage as set out in the SPA, any one or more fact, matter, event, circumstance, condition, effect, occurrence or change which, whether individually or in the aggregate, has or have, the effect of causing:
 - (i) a diminution of the turnover of the Target Companies by more than S\$903,466.40, being 10% of the combined turnover of the Target Companies for the six-month period ended 31 December 2019 as stated in the unaudited combined financial statements of the Target Companies (other than Synagie HK and Synagie ID) for the 12-month period ended on 31 December 2019 (the **“Combined Unaudited Financial Statements”**), as determined by reference to the unaudited consolidated management income statement of the Target Companies for the six-month period ending on the calendar month-end falling at least ten (10) business days prior to the Closing Date; or
 - (ii) the termination or cessation of customer contracts of the Target Companies in force as at the date of the SPA for any reason, where such customer contracts cumulatively account for 10% or more of the turnover of the Target Companies as set out in the Combined Unaudited Financial Statements,

and in the case of (i), such financial statements to be adjusted so as to disregard all matters and financial effects relating to the Target Companies' projects in 2020 relating to the one-off trading in, manufacture and sale of sanitizers, masks and thermometers; and in the case of (ii), the termination, cessation or non-renewal of contracts between the Target Companies and certain identified customers shall be disregarded for the purposes of such calculation.

3.4 Cut-off Date

If the Conditions Precedent are not satisfied or waived in accordance with the SPA on or before 31 December 2020 (or such later date as may be agreed in writing between the Purchaser and the Company), the SPA shall, unless otherwise agreed in writing by the parties, terminate automatically and neither the Company nor the Purchaser shall have any claim against the other under the SPA, save for any claim arising from antecedent breaches of the SPA.

3.5 Closing

Closing shall take place on the first business day falling ten (10) business days following the notification of the satisfaction or waiver of the last of the Conditions Precedent, or on such other date as may be agreed in writing between the Purchaser and the Company (the **“Closing Date”**).

3.6 Other Material Terms

- (a) Minimum Closing Net Cash Balance. The Company undertakes to ensure that the Closing Net Cash Balance shall be at least S\$500,000 (or an equivalent amount in other currencies).

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- (b) Change of Name. Within 20 business days after the Closing, the Company shall effect the change of name of the Company and its subsidiaries (which, for the avoidance of doubt, shall not include the Target Companies) to names which do not use, refer to or are otherwise derivatives of the name “Synagie”.
- (c) W&I Insurance. Each of the Company and the Purchaser agrees that it shall discuss and cooperate in good faith with each other to obtain a warranty and indemnity insurance policy (the “**W&I Insurance Policy**”) for the benefit of the Purchaser in respect of any losses suffered by the Purchaser in connection with a breach of any of the warranties or indemnities provided by the Company under the SPA for a coverage amount equal to at least 30% of the Consideration or such other amount as may be agreed in writing between the Company and the Purchaser, and on such terms as may be reasonably acceptable to the Purchaser. The Company shall, *inter alia*, bear and pay for the amount of insurance premium which would be payable to the insurer pursuant to the W&I Insurance Policy. The Company shall reimburse the Purchaser and/or its shareholders for all reasonable costs and expenses that they may have incurred in obtaining the W&I Insurance Policy up to a maximum amount of S\$20,000.
- (d) Restrictions on the Company. The Company has also agreed that, for a period of two (2) years from the Closing Date (or such shorter period of time recognised by applicable law as being binding on the Company), it shall not, *inter alia*, directly or indirectly carry on, be engaged in or be economically interested in any business within Singapore, Malaysia, Vietnam, Thailand, Philippines, Hong Kong and Indonesia which is of the same or similar type to the business of any Target Company as now carried on and which is in competition with the business of any Target Company as now carried on, save in respect of any business which the Company acquires via a reverse takeover.

3.7 Limitation of Liability

The Company has additionally provided certain customary representations, warranties and indemnities under the SPA. Under the terms of the SPA, notices of any claims to be made under the SPA in respect of the fundamental warranties, the tax warranties or the tax indemnity must be made within six (6) years from the Closing Date. Notification of any other claims must be made within 12 months following the Closing Date.

The aggregate liability of the Company for all claims in relation to fundamental warranties relating to each Target Company shall not exceed 100% of the Consideration allocated to such Target Company and for all other claims, shall not exceed 30% of the Consideration.

3.8 Guarantee by Metadrome

Metadrome has additionally agreed, under the SPA, to guarantee the performance and observance by the Company of, *inter alia*, all its warranties (save in respect of any fundamental warranties), the specific indemnities and the tax indemnity under the SPA. In respect of claims under the tax indemnity or tax warranties, notice of the claim must be given to Metadrome, as the guarantor, within 18 months following the Closing Date, whilst notification of any other claims must be made within 12 months following the Closing Date.

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3.9 Priority of Recovery

Subject to the limitations of liability of the Company and Metadrome as set out in the SPA, in the event of a claim arising under the SPA by the Purchaser, the parties have agreed that the Purchaser shall seek recovery in the following order:

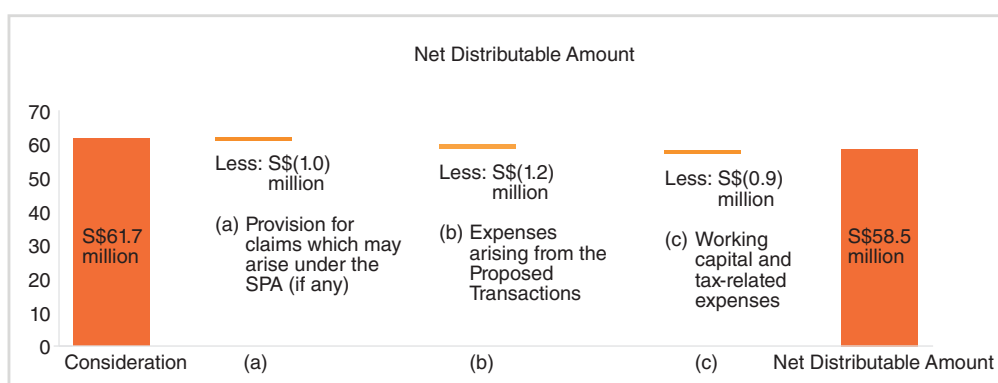
- (a) for any claims by the Purchaser (save in respect of any breach of the fundamental warranties by the Company):
 - (i) subject to the W&I Insurance Policy being in effect, to seek recovery against the W&I Insurance Policy to the extent that such claim is recoverable and not excluded under the W&I Insurance Policy;
 - (ii) thereafter, to take all steps to the fullest extent permitted by law to seek recovery against the Company for the entire amount of such claim, provided that any amount payable by the Company pursuant to such recovery shall be subject to a cumulative aggregate maximum of S\$1,000,000; and
 - (iii) thereafter, to seek recovery against Metadrome for such claim; and
- (b) for any claims by the Purchaser in respect of any breach of any fundamental warranties by the Company:
 - (i) subject to the W&I Insurance Policy being in effect, to seek recovery against the W&I Insurance Policy to the extent that such claim is recoverable and not excluded under the W&I Insurance Policy; and
 - (ii) thereafter, to seek recovery against the Company for such claim.

4. USE OF PROCEEDS

Subject to, *inter alia*, Shareholders' and independent Shareholders' approval (as the case may be) of the Proposed Transactions, the Company intends to distribute the Consideration from the Proposed Disposal to the Shareholders as soon as practicable following Closing through the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction, after setting aside:

- (a) an amount of S\$1,000,000 to satisfy claims which may arise under the SPA (if any);
 - (b) an amount of approximately S\$1,200,000 for expenses arising from the Proposed Transactions and any other fees, costs and expenses which may be payable; and
 - (c) an amount of approximately S\$930,000 for working capital and tax-related expenses,
- (the "**Net Distributable Amount**").

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Based on the information available to the Company as at the Latest Practicable Date, the Net Distributable Amount is expected to be approximately S\$58,548,000, or S\$0.1914 per Share¹². The Proposed Special Dividend represents approximately 51.0% of the Consideration. The Proposed Cash Distribution pursuant to the Proposed Capital Reduction represents approximately 43.9% of the Consideration.

There will be no change in the number of issued Shares as a result of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution. Accordingly, assuming Shareholders do not deal in their Shares, there will be no change to the shareholding interests held by Shareholders before and after the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution, and Shareholders will continue to be shareholders of the Company.

The entire amount owing by Metadrome to the Company under the Promissory Note will be set-off against Metadrome's entitlement to the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction as a Shareholder.

Further details of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution are set out in Sections 8 and 9 of this Circular.

5. RATIONALE FOR THE PROPOSED DISPOSAL, PROPOSED ASSIGNMENT, PROPOSED SPECIAL DIVIDEND, PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION

The Board believes that the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution are in the interests of the Company and Shareholders for the following reasons:

(a) Opportunity for the Company and Shareholders to Realise Immediate Value

The Consideration to be received for the E-Commerce Business represents:

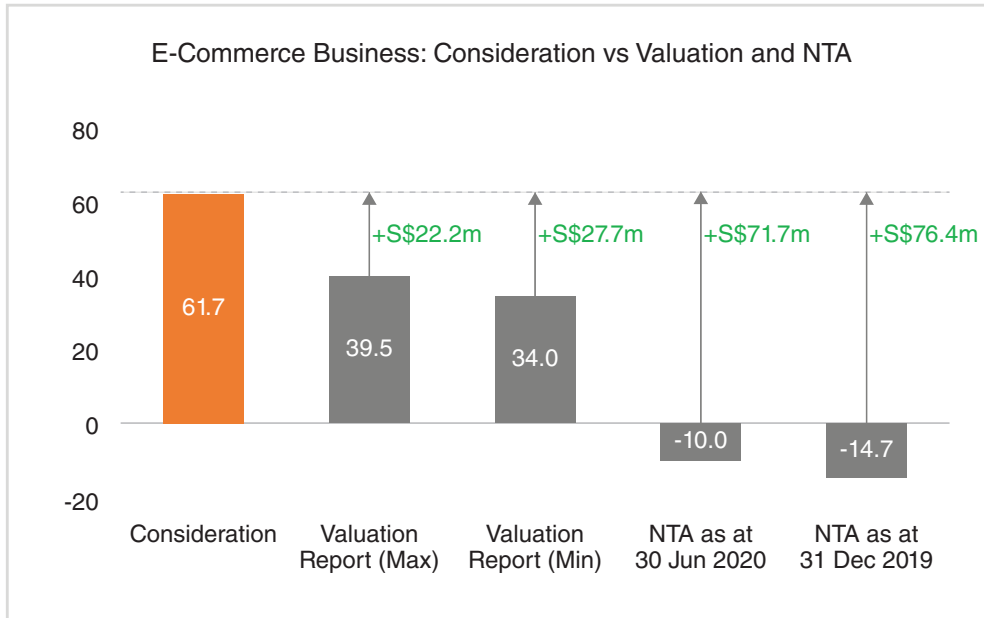
- (i) an excess over the NTA¹³ of the Target Companies of approximately S\$76,337,000 for FY2019 and S\$71,674,000 for 1H2020; and

¹² Based on the total number of issued Shares of 305,895,908 as at the Latest Practicable Date.

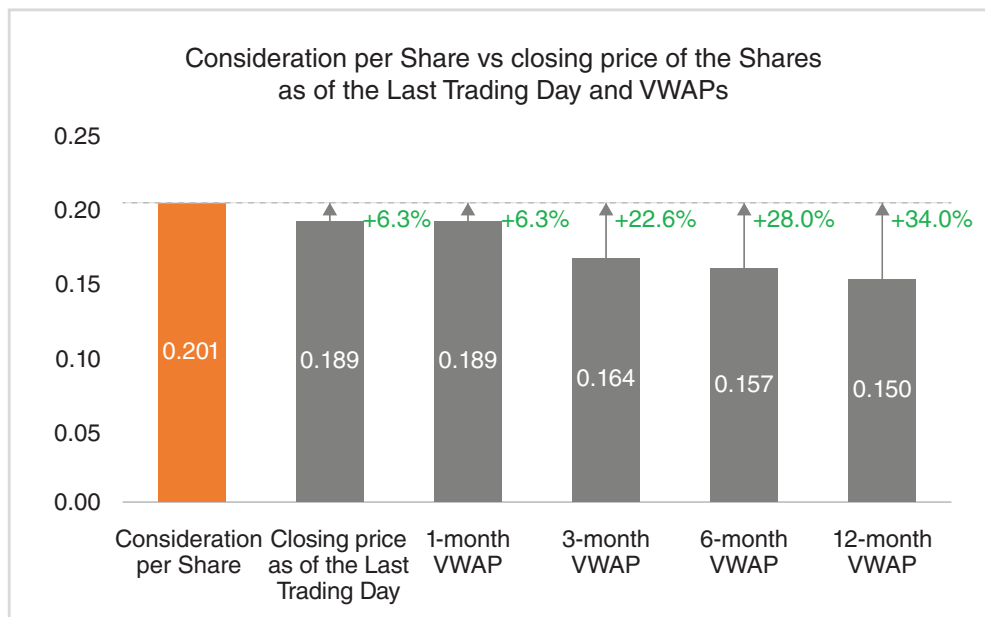
¹³ Based on the latest audited consolidated financial statements of the Group for FY2019 and the latest unaudited consolidated financial statements of the Group for 1H2020, the NTA attributable to the Target Companies under the E-Commerce Business is approximately S\$(14,658,000) and S\$(9,995,000), respectively.

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- (ii) an excess over the valuation of 100% of the equity interest in the capital of the Target Companies in the range of between approximately S\$22,179,000 to S\$27,679,000 based on the Valuation Report issued by the Independent Valuer.



Further, the Consideration is equivalent to approximately S\$0.201 per Share, which represents approximately 106.3% of the closing price of the Shares as of 29 July 2020, being the last market day preceding the date of the SPA (the “**Last Trading Day**”), and 106.3%, 122.6%, 128.0% and 134.0% of the volume weighted average price of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the Last Trading Day, respectively.



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Through the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction, the Company intends to distribute an aggregate cash amount of approximately S\$0.1914 for each Share¹⁴ held by Shareholders.

The following illustration sets out the effects of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution on the position of a Shareholder who holds 100 fully paid-up Shares:

	Shareholder with 100 Shares
Shareholding before the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution	
Number of Shares held ⁽¹⁾	100
Shareholding after the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution	
Cash received ⁽¹⁾	S\$19.14
Number of Shares held ⁽¹⁾	100

Note:

- (1) On the assumption that such Shareholder does not deal in its Shares and holds 100 Shares as at the Special Dividend Record Date, the Capital Reduction Record Date and the effective date of the Proposed Capital Reduction.

(b) Mitigation of Ongoing Market Risks

The Proposed Disposal, if consummated, will enable Shareholders to realise immediate value for their Shares without exposure to ongoing market risks, as compared to the realisation of value through potential future appreciation of the Company's share price and dividend payments, which may or may not materialise. The market price of the Shares is subject to a number of factors, including performance and growth of the Group, trading liquidity of the Shares, market uncertainty and prevailing economic conditions.

To date, save for the net profit for the six (6) months ended 30 June 2020, the Company has been loss-making and has not paid any dividend since its initial public offering in August 2018. As at FY2019, the Group recorded accumulated losses of S\$15,910,000, mainly attributable to the E-Commerce Business which required significant capital resources for its operations and regional expansion plans. While the Group recorded a net profit for 1H2020, this was mainly driven by one-off business-to-business orders for COVID-19 related products such as masks, toilet rolls and thermometers which contributed more than S\$23,000,000 to the Group's revenue for 1H2020, representing more than half of the Group's revenue for 1H2020. Since 30 June 2020 to the Latest Practicable Date, the Group has not received any new business-to-business orders for COVID-19 related products. Accordingly, the Group believes that such revenue may not be sustainable moving forward and there is no assurance that the Group will remain profitable as the COVID-19 situation improves.

14 Based on the total number of issued Shares of 305,895,908 as at the Latest Practicable Date.

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The e-commerce, e-commerce enabler and logistics industry continues to face strong headwinds arising from a rapidly changing technology landscape, evolving industry regulations, changing demands from brand partners and an increasing number of competitors.

Given that the E-Commerce Business continues¹⁵ to be loss-making, and significant capital resources are required to maintain the Group's competitive advantage in brand support, regional presence and technology development, the Proposed Transactions allow Shareholders to immediately realise the value of their investments without any further exposure to market risks in the e-commerce, e-commerce enabler and logistics business, as compared to the realisation of value through potential future appreciation of the Company's share price and dividend payments, which may or may not materialise.

- (c) Opportunity to focus on the growth of the Company's insurtech business and explore other business opportunities

Following Closing, the Company will continue to own the insurtech business, which had in March 2019 launched Kiasu.me, a mobile app and cloud platform offering "pay-as-you-use" lifestyle insurance policies that cover personal gadgets, family and cyber risks to protect consumers from threats and hazards in their digital lifestyle. The core insurtech business also has more than eight years of experience in providing third party administration for extended warranty and accidental damage protection services as well as after sales support and call center services for customers which include Fortune 500 companies in the computer, consumer electronics, and communication sectors.

While the Group experienced some short-term impact to its insurtech business during the COVID-19 period due to a slowdown in renewal of contracts by customers, the long-term outlook for the insurtech industry remains positive especially as the world moves towards increased digitalisation post-COVID-19.

To leverage on the positive growth trends in the insurtech industry, the Group's insurtech subsidiaries also intend to expand their extended warranty business for both the public and private sectors. Following Closing, resources and capital of the Company, including an amount to be retained from the Consideration for working capital purposes after taking into account the amount to be distributed to Shareholders under the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction, can be focused towards the Company's insurtech business.

In conjunction with the expansion of the insurtech business, the Company also intends to explore and pursue opportunities to acquire sustainable and viable businesses to grow the business of the Group and maximise returns for Shareholders following Closing.

¹⁵ Excluding the non-recurring business-to-business orders for COVID-19 related products.

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6. THE PROPOSED DISPOSAL AND THE PROPOSED ASSIGNMENT AS INTERESTED PERSON TRANSACTIONS, OPINION OF THE INDEPENDENT FINANCIAL ADVISER AND STATEMENT OF THE AUDIT COMMITTEE

6.1 Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, an immediate announcement and Shareholders' approval are required in respect of a transaction between an "entity at risk" in the Group and an "interested person" of the Group if the value of that transaction exceeds 5.0% of the Group's latest audited NTA.

For illustrative purposes, based on the latest audited consolidated financial statements of the Group for FY2019, the audited NTA of the Group as at 31 December 2019 was approximately S\$1,708,000. For the purposes of Rule 906(1) of the Catalist Rules, if the value of a transaction which is proposed to be entered into in the current financial year by the Company with an "interested person", either in itself or in aggregation with all other earlier transactions with the same "interested person" in the current financial year (each of a value equal to or greater than S\$100,000), is of a value equal to, or more than S\$85,400, being 5.0% of the latest audited NTA of the Group, Shareholders' approval will be required for such a transaction. While transactions below S\$100,000 are not normally aggregated under the relevant provisions of the Catalist Rules, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction.

6.2 The Proposed Disposal as an Interested Person Transaction

As at the date of the SPA and the Latest Practicable Date

As at the date of the SPA and the Latest Practicable Date:

- (a) Metadrome is a controlling shareholder of the Company, holding a direct interest in 71,373,669 Shares representing approximately 23.33% of the total number of issued Shares;
- (b) Mr Clement Lee, an Executive Director and Chief Executive Officer of the Company, is the sole beneficial owner of Metadrome; and
- (c) Metadrome is the sole shareholder of the Purchaser.

Accordingly, as at the date of the SPA and the Latest Practicable Date, the Purchaser, being an Associate of Metadrome and Mr Clement Lee, is an "interested person" under Chapter 9 of the Catalist Rules.

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As at Closing and following Closing

As mentioned in Section 2.5 of this Circular, it is intended that the aggregate shareholding of Metadrome, Ms Zanetta Lee and Venture Lab Pte. Ltd. (being a company wholly-owned by Ms Olive Tai) in the Purchaser shall be:

- (a) approximately 15% as at Closing; and
- (b) approximately 31% after Closing and the completion of their respective subscriptions of shares in the Purchaser. The aggregate shareholding of Metadrome and Ms Zanetta Lee will not exceed 30%.

Accordingly, as at Closing and upon the completion of the subscription of shares by the Purchaser Shareholders in the Purchaser, the Purchaser will not be considered as an “interested person” under Chapter 9 of the Catalist Rules as both (i) Mr Clement Lee and Ms Zanetta Lee (being siblings), and (ii) Ms Olive Tai, respectively, will be interested in less than 30% of the shareholding interest of the Purchaser.

Considering that (i) the Purchaser is an “interested person” of the Company under Chapter 9 of the Catalist Rules as at the date of the SPA and the Latest Practicable Date, (ii) Metadrome, Ms Zanetta Lee and Venture Lab Pte. Ltd., each of whom are “interested persons” in their own right, will collectively own approximately 31% of the shareholding of the Purchaser after Closing and the completion of their respective subscription of shares in the Purchaser, and (iii) the objective of Chapter 9 of the Catalist Rules is to guard against the risk that “interested persons” could influence an issuer to enter into transactions that may adversely affect the interests of the issuer or its shareholders, the Company will be treating the Purchaser as an “interested person” for the purposes of Chapter 9 of the Catalist Rules.

The Company is an “entity at risk” under Chapter 9 of the Catalist Rules. Accordingly, the Proposed Disposal constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

As the Consideration represents approximately 3,611.2% of the Group’s latest audited NTA, the Proposed Disposal will be subject to the approval of the independent Shareholders at the EGM to be convened pursuant to Rule 906(1) of the Catalist Rules.

6.3 The Proposed Assignment as an Interested Person Transaction

As at the Latest Practicable Date, Metadrome is a controlling shareholder of the Company, holding a direct interest in 71,373,669 Shares, representing approximately 23.33% of the total number of issued Shares. Metadrome is further an Associate of Mr Clement Lee, an Executive Director and Chief Executive Officer of the Company, as Mr Clement Lee is the sole beneficial owner of Metadrome. Metadrome is therefore an “interested person” under Chapter 9 of the Catalist Rules.

The Company is an “entity at risk” under Chapter 9 of the Catalist Rules. Accordingly, the Proposed Assignment constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

Under Rule 909(3) of the Catalist Rules, in the case of the lending of funds to an “interested person”, the value of the transaction is the interest payable on the loan and the value of the

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loan. The Promissory Note bears interest at the rate per annum of 0.3 per cent, from such date as notified by the holder of the Promissory Note from time to time and up to and including the date of repayment of the Promissory Note. The Company intends for the Promissory Note to bear interest on and from Closing. Accordingly, the interested person transaction value in relation to the Promissory Note is approximately S\$9,362,000 (being the Promissory Note Amount and the interest payable on the Promissory Note Amount for a period of two (2) months¹⁶).

As the Promissory Note Amount and interest payable thereon represents approximately 548.1% of the Group's latest audited NTA, the Proposed Assignment will be subject to the approval of the independent Shareholders at the EGM to be convened pursuant to Rule 906(1) of the Catalist Rules.

6.4 Section 163(1) of the Companies Act

Under Section 163(1) of the Companies Act, it is not lawful for the Company to, *inter alia*, make a loan to another company if a Director is interested in 20% or more of the total voting power of the second-mentioned company, unless there is prior approval by the Company in a general meeting for the making of the loan at which the interested Director and his family members abstained from voting.

By accepting the assignment of the Promissory Note from the Purchaser to the Company on Closing, the Company will, in substance, be making a loan to Metadrome. As Mr Clement Lee is the sole beneficial owner of Metadrome, the Company is also required under Section 163(1) of the Companies Act to obtain the approval of the independent Shareholders at the EGM to be convened for the Proposed Assignment.

6.5 Existing Interested Person Transactions

As at the Latest Practicable Date, the Company has not entered into any other interested person transactions in the current financial year.

6.6 Opinion of the IFA

Pursuant to Rule 921(4)(a) of the Catalist Rules, the IFA has been appointed as the independent financial adviser to advise the Non-interested Directors on whether the terms of the Proposed Disposal and the Proposed Assignment are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

A copy of the IFA Letter dated 4 September 2020 is set out in Appendix A of this Circular. Shareholders are advised to read the IFA Letter carefully.

The following is an extract from paragraph 8 of the IFA Letter and should be read by Shareholders in conjunction with, and in the full context of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms used in the extract below shall have the same meanings as defined in the IFA Letter.

16 As mentioned in Section 4 of this Circular, the Promissory Note will be set-off against Metadrome's entitlement to the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction as a Shareholder. The Company intends to undertake the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction as soon as practicable following Closing.

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“In arriving at our opinion in respect of the Interested Person Transactions, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (a) the rationale for the Proposed Disposal and the use of the proceeds from the Proposed Disposal for, among others, (i) satisfying claims which may arise under the SPA (if any); (ii) amounts for working capital and tax-related expenses; (iii) the costs and expenses arising from the Proposed Transactions and any other fees, costs and expenses which may be payable; and (iv) the Net Distributable Amount for the purpose of the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction;*
- (b) the Independent Valuation conducted by the Independent Valuer;*
- (c) the historical financial performance of the Target Companies;*
- (d) our assessment of the Consideration as follows:*
 - (i) the Consideration represents an excess of approximately S\$71,003,000 and S\$71,674,000 to the negative NAV and NTA of the Target Companies respectively as at 30 June 2020;*
 - (ii) the Effective Consideration Price represents a premium of approximately 34.0%, 28.0%, 22.6%, 6.3%, 6.3% and 5.8% to the 1-year, 6-month, 3-month and 1-month VWAP of the Shares, as well as the last transacted price and the VWAP of the Shares on the Last Trading Day respectively;*
 - (iii) the Effective Consideration Price represents a discount of approximately 1.0% to the VWAP of the Shares after the release of the Announcement and up to the Latest Practicable Date. The Effective Consideration Price was also at a discount of approximately 6.5% to the closing price of the Shares of S\$0.215 on the Latest Practicable Date;*
 - (iv) in comparison with the Comparable Companies:*
 - (i) the P/Sales ratio of the Target Companies of 1.33 times (as implied by the Consideration) is higher than the maximum P/Sales ratio of the Comparable Companies;*
 - (ii) the Target Companies had recorded a consolidated TTM net loss after tax, hence the P/E ratio of the Company (as implied by the Consideration) would not be applicable;*
 - (iii) the Target Companies had recorded a consolidated negative TTM EBITDA, hence the EV/EBITDA ratio of the Company (as implied by the Consideration) would not be applicable; and*
 - (iv) the Target Companies had recorded a negative consolidated NAV as at 30 June 2020, hence the P/NAV ratio of the Target Companies (as implied by the Consideration) would not be applicable;*

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- (e) *the financial effects of the Interested Person Transactions;*
- (f) *the rationale for the Proposed Assignment and satisfaction of the Promissory Note Amount;*
- (g) *our assessment of the reasonableness of the Interest Rate in comparison with the Selected Banks as follows:*
 - (i) *the Interest Rate is higher than the maximum dollar time/fixed deposit rates of the Selected Banks for a one-month tenure; and*
 - (ii) *the Interest Rate is within the range of the dollar time/fixed deposit rates of the Selected Banks for a three-month tenure and higher than the mean and median rates of 0.15% and 0.10% respectively; and*
- (h) *other relevant considerations as set out in paragraph 7 of this Letter, namely (i) the inter-conditionality of the Proposed Transactions; (ii) the impact of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution; (iii) the contribution of the E-Commerce Business and the Insurtech Business to the Group; (iv) the guarantee by Metadrome and priority of recovery under the terms of the SPA; (v) support from certain Substantial Shareholders in respect of the Proposed Transactions, including the Interested Person Transactions; (vi) abstention from voting on the ordinary resolutions relating to the Proposed Disposal and the Proposed Assignment at the EGM by Metadrome, Clement, Zanetta, Olive and their respective Associates; and (vii) no alternative offers from third parties.*

Having regard to the considerations set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal and the Proposed Assignment are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, we would advise the Non-Interested Directors to recommend that the Independent Shareholders vote in favour of the Proposed Disposal and the Proposed Assignment at the EGM."

6.7 Statement of the Audit Committee

The Audit Committee comprises Mr Lim Chuan Poh, Mr Chue En Yaw and Mr Ong Shen Chieh (Wang Shengjie). The members of the Audit Committee do not have any interests in the Proposed Disposal and the Proposed Assignment, other than through their respective directorships and shareholdings in the Company, and are accordingly considered to be independent for the purposes of the Proposed Disposal and the Proposed Assignment.

Having reviewed and considered, *inter alia*, the terms, rationale, financial effects of the Proposed Disposal and the Proposed Assignment and the Valuation Report, as well as the advice and opinion of the IFA, the Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed Disposal and the Proposed Assignment are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

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7. THE PROPOSED DISPOSAL AS A MAJOR TRANSACTION

7.1 Relative Figures under Chapter 10 of the Catalist Rules

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules, based on the latest announced unaudited consolidated financial statements of the Group for 1H2020 and the Consideration of S\$61,679,181.60, are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The NAV of the assets to be disposed of, compared with the Group's NAV	Not meaningful ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets disposed of, compared with the Group's net profits	117.1 ⁽³⁾
(c)	The aggregate value of the consideration received for the Proposed Disposal, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares	106.1 ⁽⁴⁾
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's probable and proved reserves	Not applicable ⁽⁶⁾

Notes:

- (1) Not meaningful as (i) the Target Companies recorded a negative NAV of S\$9,324,000; (ii) the Group recorded a NAV of S\$8,866,000; and (iii) there is an intercompany payable to the Group of S\$16,673,000 as at 30 June 2020.
- (2) "Net profits" is defined as profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. It has been computed based on the unaudited net profit for 1H2020 attributable to the assets to be disposed of S\$4,789,000 and the unaudited net profit of the Group for 1H2020 of S\$4,084,000.
- (3) The relative figure for Rule 1006(b) has been computed based on the unaudited combined net profit attributable to the Target Companies for 1H2020, compared with the Group's net profit for 1H2020.
- (4) The Company's market capitalisation of approximately S\$58,100,000 is based on its total number of issued Shares of 305,895,908 Shares and the weighted average price of S\$0.190 per Share on the Last Trading Day.
- (5) This basis is not applicable to a disposal of assets.
- (6) This basis is not applicable as the Company is not a mineral, oil and gas company.

Pursuant to the figures above, the Proposed Disposal will be classified as a major transaction under Rule 1014 of the Catalist Rules and is conditional upon the approval of Shareholders at the EGM to be convened as the relative figures computed on the bases as set out under Rules 1006(b) and (c) exceed 50%.

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7.2 Section 160 of the Companies Act

Section 160 of the Companies Act provides that the directors of a company shall not carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property unless those proposals have been approved by the company in general meeting. As the Proposed Disposal represents substantially the whole of the undertaking of the Company, the Company is also required under Section 160 of the Companies Act to obtain the approval of the Shareholders at the EGM to be convened for the Proposed Disposal.

8. THE PROPOSED SPECIAL DIVIDEND

8.1 Details of the Proposed Special Dividend

Subject to Closing, the Company proposes to distribute a one-tier tax-exempt special cash dividend of S\$0.1028 for each Share held by the Shareholders as at the Special Dividend Record Date, or an aggregate amount of approximately S\$31,446,000 based on the Company's issued and paid-up Shares comprising 305,895,908 Shares as at the Latest Practicable Date.

The Proposed Special Dividend will be funded from the proceeds of the Proposed Disposal.

8.2 Conditions to the Proposed Special Dividend

The Proposed Special Dividend shall be conditional upon, *inter alia*, the satisfaction of the following conditions:

- (a) Shareholders' and independent Shareholders' approval (as the case may be) being obtained for the Proposed Transactions (including for the Proposed Special Dividend) at the EGM to be convened;
- (b) Closing having occurred; and
- (c) the satisfaction of any regulatory approvals and/or statutory requirements which may be applicable in connection with the Proposed Special Dividend.

8.3 Payment Date

The Company will announce in due course the Special Dividend Record Date and the payment date for the Proposed Special Dividend. Shareholders should note that as the Special Dividend Record Date is conditional upon the satisfaction of the conditions as stated in Section 8.2 above, in order to be entitled to the Proposed Special Dividend, Shareholders would have to continue to hold the Shares up to the Special Dividend Record Date. **If any Shareholder is in any doubt as to the action he should take, he should consult his bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

The Company will make further announcements on the Proposed Special Dividend as and when appropriate.

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9. THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED CASH DISTRIBUTION

9.1 Background

Subject to Closing, the Company proposes to undertake the Proposed Capital Reduction to return to Shareholders surplus share capital in excess of its needs by way of the Proposed Cash Distribution pursuant to Section 78G read with Section 78I of the Companies Act.

Through the Proposed Cash Distribution pursuant to the Proposed Capital Reduction, the Company is proposing to return to Shareholders approximately S\$0.0886 for each Share held by the Shareholders as at the Capital Reduction Record Date, or an aggregate amount of approximately S\$27,102,000 based on the Company's total issued and paid-up capital of approximately S\$29,014,000 comprising 305,895,908 Shares as at the Latest Practicable Date.

As at the Latest Practicable Date:

- (a) in relation to the Synagie ESOS, the Company does not have any outstanding and unexercised Options granted under the Synagie ESOS; and
- (b) in relation to the Synagie PSP, the Company does not have any outstanding Awards granted to participants under the Synagie PSP.

The actual aggregate amount of the capital to be returned to Shareholders will be based on the issued and paid-up share capital of the Company as at the Capital Reduction Record Date.

The aggregate amount to be paid to Shareholders will be adjusted by rounding down fractions of a cent to the nearest cent, where applicable.

The Proposed Capital Reduction and the Proposed Cash Distribution will not result in (i) a cancellation of Shares; (ii) a change in the number of Shares held by any Shareholder; or (iii) a change in the proportion of Shares held by the Shareholders, immediately after the Proposed Capital Reduction and the Proposed Cash Distribution. Accordingly, assuming the Shareholders have not dealt in the Shares, each Shareholder will hold the same number of Shares before and immediately after the Proposed Capital Reduction and the Proposed Cash Distribution.

9.2 Details of the Proposed Capital Reduction and the Proposed Cash Distribution

The Proposed Capital Reduction and the Proposed Cash Distribution will be effected in the following manner:

- (a) reducing the issued and paid-up share capital of the Company by approximately S\$27,102,000 from approximately S\$29,014,000 (as at the Latest Practicable Date) to approximately S\$1,912,000; and
- (b) distributing to Shareholders in cash the sum of approximately S\$27,102,000 (equal to approximately S\$0.0886 per Share) based on the issued and paid-up share capital of the Company of approximately S\$29,014,000 comprising 305,895,908 Shares as at the Latest Practicable Date.

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As at the Latest Practicable Date, the Company has an issued and paid-up share capital of approximately S\$29,014,000, comprising 305,895,908 Shares. Assuming Shareholders do not deal in their Shares, upon the completion of the Proposed Capital Reduction and the Proposed Cash Distribution, the Company will have an issued and paid-up share capital of approximately S\$1,912,000, comprising 305,895,908 Shares.

9.3 Illustration

The following illustration sets out the position of a Shareholder who holds 100 fully paid-up Shares as at the Capital Reduction Record Date:

	Shareholder with 100 Shares
Shareholding before the Proposed Capital Reduction and the Proposed Cash Distribution	
Number of Shares held ⁽¹⁾	100
Shareholding after the Proposed Capital Reduction and the Proposed Cash Distribution	
Cash received ⁽¹⁾	S\$8.86
Number of Shares held ⁽¹⁾	100

Note:

(1) On the assumption that such Shareholder does not deal in its Shares and holds 100 Shares as at the Capital Reduction Record Date and the effective date of the Proposed Capital Reduction.

In summary, Shareholders will receive approximately S\$8.86 in cash for every 100 Shares (or S\$0.0886 in cash for each Share) held as at the Capital Reduction Record Date. Shareholders holding odd lots of Shares (i.e. lots other than board lots of 100 Shares) will likewise receive S\$0.0886 in cash for each Share held by them or on their behalf as at the Capital Reduction Record Date.

The aggregate amount of cash to be paid to each Shareholder pursuant to the Proposed Capital Reduction will be adjusted by rounding down any fractions of a cent to the nearest cent, where applicable.

The shareholding of each Shareholder in the Company shall remain unchanged after the Proposed Capital Reduction and the Proposed Cash Distribution, assuming that the Shareholders have not dealt in the Shares.

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9.4 Conditions to the Proposed Capital Reduction and the Proposed Cash Distribution

The Proposed Capital Reduction and the Proposed Cash Distribution shall take effect upon, *inter alia*, the satisfaction of the following conditions:

- (a) Shareholders' and independent Shareholders' approval (as the case may be) having been obtained for the Proposed Transactions (including for the Proposed Capital Reduction and the Proposed Cash Distribution) at the EGM to be convened;
- (b) Closing having occurred;
- (c) the approval of the High Court of the Republic of Singapore ("**Court**") for the Proposed Capital Reduction and the lodgement of the Order of Court with ACRA within 90 days beginning with the date the Order of Court is made, or within such longer period as ACRA may, on application of the Company and on receiving the prescribed fee, allow; and
- (d) the satisfaction of any regulatory approvals and/or statutory requirements which may be applicable in connection with the Proposed Capital Reduction and the Proposed Cash Distribution.

9.5 Payment Date

The Company will announce in due course the effective date of the Proposed Capital Reduction, the Capital Reduction Record Date and the payment date for the Proposed Cash Distribution pursuant to the Proposed Capital Reduction. Shareholders should note that as the Capital Reduction Record Date is conditional upon the satisfaction of the conditions as stated in Section 9.4 above, in order to be entitled to the Proposed Cash Distribution pursuant to the Proposed Capital Reduction, Shareholders would have to hold the Shares as at the Capital Reduction Record Date. **If any Shareholder is in any doubt as to the action he should take, he should consult his bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

The Company will make further announcements on the Proposed Capital Reduction and the Proposed Cash Distribution as and when appropriate.

9.6 Taxation

Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Proposed Capital Reduction and the Proposed Cash Distribution. Shareholders who are in any doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.

The Proposed Cash Distribution to be made to Shareholders pursuant to the Proposed Capital Reduction, if effected, is to be paid to Shareholders out of the reduction of the existing issued and paid-up share capital of the Company. Accordingly, the Proposed Cash Distribution should generally be regarded as a return of capital and not taxable to Shareholders unless the Proposed Cash Distribution constitutes taxable revenue gains or profits from a trade or business carried on by the Shareholders.

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10. ADMINISTRATIVE PROCEDURES FOR THE PROPOSED SPECIAL DIVIDEND, THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED CASH DISTRIBUTION

10.1 Record Date

(a) Special Dividend Record Date

Persons registered in the Register of Members, and Depositors whose Securities Accounts are credited with Shares as at the Special Dividend Record Date will be entitled to receive a one-tier tax-exempt special cash dividend of S\$0.1028 per Share for each Share registered in their name or standing to the credit of their respective Securities Accounts as at the Special Dividend Record Date.

Subject to the satisfaction of the conditions set out in Section 8.2 of this Circular, the Company will announce the Special Dividend Record Date as soon as practicable.

(b) Capital Reduction Record Date

Persons registered in the Register of Members, and Depositors whose Securities Accounts are credited with Shares as at the Capital Reduction Record Date will be entitled to receive the Proposed Cash Distribution pursuant to the Proposed Capital Reduction on the basis of the number of such Shares registered in their name or standing to the credit of their respective Securities Accounts as at Capital Reduction Record Date. Accordingly, such Shareholders will receive a sum of approximately S\$0.0886 for each Share held by them as at the Capital Reduction Record Date.

Subject to the satisfaction of the conditions set out in Section 9.4 of this Circular, the Company will announce the Capital Reduction Record Date as soon as practicable.

10.2 Scrip-based Shareholders, whose Shares are not deposited with CDP

Shareholders who hold Shares registered in their own names in the Register of Members and who wish to deposit their Shares with CDP prior to the Special Dividend Record Date and/or the Capital Reduction Record Date must deliver their existing share certificates in respect of their Shares, together with the duly executed instruments of transfer in favour of CDP, at least twelve (12) Market Days prior to the Special Dividend Record Date and/or the Capital Reduction Record Date (as the case may be) in order for their Securities Accounts maintained with CDP to be credited with the relevant Shares prior to the Special Dividend Record Date and/or the Capital Reduction Record Date.

10.3 Shareholders (being Depositors) whose Shares are deposited with CDP

In the case of Shareholders who are Depositors, entitlements pursuant to the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction will be determined on the basis of the number of Shares standing to the credit of their respective Securities Accounts as at the Special Dividend Record Date and the Capital Reduction Record Date respectively.

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10.4 Payment

Payment of the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction will be made in the following manner:

(a) Shareholders holding Scrip Shares

Shareholders whose Shares are registered in the Register of Members as at the Special Dividend Record Date and/or the Capital Reduction Record Date (as the case may be) will have the cheques for payment of their respective entitlements under the Proposed Special Dividend and/or the Proposed Cash Distribution pursuant to the Proposed Capital Reduction (as the case may be) despatched to them by the Share Registrar by ordinary post at their own risk tentatively on the applicable payment date to be announced in due course. The Company shall not be liable for any loss in transmission.

(b) Shareholders holding Scripless Shares

Shareholders who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Special Dividend Record Date and/or the Capital Reduction Record Date (as the case may be) will have their respective entitlements under the Proposed Special Dividend and/or the Proposed Cash Distribution pursuant to the Proposed Capital Reduction (as the case may be) (i) (if such Depositor has applied for the Direct Crediting Service) credited directly into their designated bank accounts, or (ii) (if such Depositor has not applied for the Direct Crediting Service) reflected under the Cash Transaction section in the monthly statements of their Securities Accounts. Alternatively, such Depositors will have payment of their respective entitlements under the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction made in such other manner as they may have agreed with CDP for the payment of dividends or other distributions tentatively on the payment date to be announced in due course. Neither the Company nor CDP shall be responsible or liable for any loss in transmission.

11. THE PROPOSED CHANGE OF NAME

11.1 Background and Rationale

As described in Section 1.4 above, pursuant to the terms of the Proposed Disposal under the SPA, the Group will be required to change the names of the Company and its subsidiaries (which, for avoidance of doubt, does not include the Target Companies) to names which do not use, refer to or are otherwise derivatives of the name “Synagie” within 20 business days after Closing. Accordingly, the Company proposes to change the name of the Company from “Synagie Corporation Ltd.” to “V2Y Corporation Ltd.”.

The Board is of the view that the Proposed Change of Name will serve to prevent market misconceptions that the Group is still involved in the E-Commerce Business under its existing name.

The Proposed Change of Name will not affect any of the Shareholders’ rights or the Company’s legal status, business operations and financial position, and the existing Shares will continue to be traded on the SGX-ST.

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11.2 Approvals

The ACRA had on 30 August 2020 given its approval for the Proposed Change of Name. The proposed name “V2Y Corporation Ltd.” has been reserved by the Company until 28 December 2020 and no further extension of the name reservation period is allowed.

11.3 Conditions to the Proposed Change of Name

Subject to and contingent on (i) Shareholders’ and independent Shareholders’ approval (as the case may be) being obtained for the Proposed Transactions (including the Proposed Change of Name) at the EGM to be convened, (ii) Closing having occurred, and (iii) registration by ACRA, the Company shall change its name to “V2Y Corporation Ltd.” with effect from the date of issuance of the Certificate of Incorporation on Change of Name of Company and the name “Synagie Corporation Ltd.” shall be substituted by “V2Y Corporation Ltd.” wherever the former name appears in the Company’s Constitution.

The Company will make the necessary announcement when the Proposed Change of Name takes effect.

11.4 Existing Share Certificates

Shareholders should note that notwithstanding the Proposed Change of Name, the Company will not be recalling existing share certificates in respect of the Shares. Existing share certificates of the Company bearing the current name, “Synagie Corporation Ltd.”, issued prior to the date on which the Proposed Change of Name takes effect will continue to be prima facie evidence of legal title. No further action is required to be taken on the part of Shareholders in respect of existing share certificates.

12. VOTING UNDERTAKINGS

The following Shareholders have undertaken to vote in favour of the Proposed Transactions and not to sell, transfer or otherwise dispose of their Shares until the conclusion of the EGM:

- (a) Agate Investments Limited as holder of 34,921,693 Shares, representing approximately 11.42% of the total number of issued Shares;
- (b) Harmony Treasure Holdings Ltd as holder of 21,880,693 Shares, representing approximately 7.15% of the total number of issued Shares; and
- (c) Ms Tai Lai Fun Cindy as holder of 14,898,250 Shares, representing approximately 4.87% of the total number of issued Shares,

each as at the Latest Practicable Date.

13. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL, PROPOSED ASSIGNMENT, PROPOSED SPECIAL DIVIDEND, PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION

The unaudited pro forma financial effects of the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution on the Group as set out below are purely for illustrative

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purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution.

The pro forma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2019 and the Combined Unaudited Financial Statements, as well as the following bases and assumptions:

- (a) the financial effects on the consolidated NTA per Share is computed based on the assumption that the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution had been completed at the end of FY2019;
- (b) the financial effects on the consolidated earnings per Share (“EPS”) is computed based on the assumption that the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution had been completed on 1 January 2019; and
- (c) after taking into account the estimated transaction expenses.

13.1 Financial Effects of the Proposed Disposal and the Proposed Assignment

(a) NTA per Share

FY2019	Before the Proposed Disposal and the Proposed Assignment	After the Proposed Disposal and the Proposed Assignment
NTA (S\$'000)	1,708	60,322 ⁽²⁾
Number of Shares (excluding treasury shares)	264,766,689	264,766,689
NTA per Share (cents) ⁽¹⁾	0.65	22.78 ⁽²⁾

Notes:

- (1) NTA per share computed based on the Group's audited net tangible asset value as at 31 December 2019.
- (2) Subsequent to the release of the Announcement, adjustments and reclassifications were made to merger reserve, other reserves and investment in subsidiaries, leading to differences in the figures as set out in the Circular and the Announcement.

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(b) EPS

FY2019	Before the Proposed Disposal and Proposed Assignment	After the Proposed Disposal and Proposed Assignment
Net (loss)/profit attributable to Shareholders (S\$'000)	(8,449) ⁽²⁾	49,597 ⁽³⁾
Weighted average number of Shares	263,342,595	263,342,595
EPS (cents) ⁽¹⁾	(3.21)	18.83 ⁽³⁾

Notes:

- (1) EPS computed based on weighted average number of shares adjusted to take into account the issuance of shares during FY2019.
- (2) The difference in the figure as set out in this Circular and the Announcement is due to rounding.
- (3) Subsequent to the release of the Announcement, adjustments and reclassifications were made to merger reserve, other reserves and investment in subsidiaries, leading to differences in the figures as set out in the Circular and the Announcement.

(c) Gain from the Proposed Disposal

It is expected that the Proposed Disposal will result in an estimated net gain of approximately S\$58,046,000⁽¹⁾.

Note:

- (1) Subsequent to the release of the Announcement, adjustments and reclassifications were made to merger reserve, other reserves and investment in subsidiaries, leading to differences in the figures as set out in the Circular and the Announcement.

13.2 Financial Effects of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution

(a) NTA per Share

FY2019	After the Proposed Disposal and the Proposed Assignment and before the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution	After the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution⁽²⁾
NTA (S\$'000)	60,322	1,774
Number of Shares (excluding treasury shares)	264,766,689	264,766,689

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FY2019	After the Proposed Disposal and the Proposed Assignment and before the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution	After the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution ⁽²⁾
NTA per Share (cents) ⁽¹⁾	22.78	0.67

Notes:

- (1) NTA per share computed based on the Group's audited net tangible asset value as at 31 December 2019.
- (2) The amount to be distributed to Shareholders pursuant to the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction were computed based on the total number of issued Shares of 305,895,908 as at the Latest Practicable Date.

(b) EPS

The Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution will not have an impact on the EPS of the Company.

14. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

14.1 Directors' Interests

The interests of the Directors in the Shares, as recorded in the Register of Directors' Shareholdings of the Company, as at the Latest Practicable Date are set out below:

Directors	Direct Interest		Deemed Interest ⁽²⁾		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Lim Chuan Poh	–	–	–	–	–	–
Lee Shieh-Peen Clement ⁽³⁾⁽⁴⁾	–	–	71,373,669	23.33	71,373,669	23.33
Tai Ho Yan	9,056,250	2.96	–	–	9,056,250	2.96
Zanetta Lee Yue (Zanetta Li Yu) ⁽³⁾	10,592,190	3.46	–	–	10,592,190	3.46
Chue En Yaw	1,481,481	0.48	–	–	1,481,481	0.48
Ong Shen Chieh (Wang Shengjie)	–	–	–	–	–	–

Notes:

- (1) Based on 305,895,908 Shares in issue as at the Latest Practicable Date.
- (2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.
- (3) Mr Lee Shieh-Peen Clement and Ms Zanetta Lee Yue (Zanetta Li Yu) are siblings.
- (4) Mr Lee Shieh-Peen Clement is the sole legal and beneficial owner of Metadrome. Accordingly, he is deemed interested in the 71,373,669 Shares held by Metadrome.

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14.2 Substantial Shareholders' Interests

The interests of the Substantial Shareholders in the Shares, as recorded from the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest ⁽²⁾		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Metadrome ⁽³⁾	71,373,669	23.33	–	–	71,373,669	23.33
Agate Investments Limited ⁽⁴⁾	34,921,693	11.42	–	–	34,921,693	11.42
Centurion Global Limited ⁽⁴⁾	–	–	34,921,693	11.42	34,921,693	11.42
Centurion Private Equity Ltd ⁽⁴⁾	–	–	34,921,693	11.42	34,921,693	11.42
Harmony Treasure Holdings Ltd ⁽⁵⁾	–	–	21,880,693	7.15	21,880,693	7.15

Notes:

- (1) Based on 305,895,908 Shares in issue as at the Latest Practicable Date.
- (2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.
- (3) Mr Lee Shieh-Peen Clement is the sole legal and beneficial owner of Metadrome. Accordingly, he is deemed interested in the 71,373,669 Shares held by Metadrome.
- (4) Mr Loh Kim Kang David (“**Mr Loh**”) and Mr Han Seng Juan (“**Mr Han**”) are deemed to be interested in the 34,921,693 Shares held by Agate Investments Limited as it is an entity that is wholly owned by Centurion Private Equity Ltd (“**Centurion PE**”). Centurion PE is in turn wholly owned by Centurion Global Ltd which is in turn owned by Mr Loh and Mr Han in equal proportions.
- (5) Harmony Treasure Holdings Ltd is deemed to be interested in 21,880,693 Shares held by Raffles Nominees (Pte.) Limited. Chow Helen @ Mrs Cheng Helen is deemed to be interested in all the Shares held by Harmony Treasure Holdings Ltd as Harmony Treasure Holdings Ltd is an entity that is wholly owned by Chow Helen @ Mrs Cheng Helen.

14.3 Interests in the Proposed Transactions

Save as disclosed in this Circular, none of the Directors, or as far as the Company is aware, the Substantial Shareholders, have any interest, direct or indirect, in the Proposed Transactions other than through their respective directorships and shareholdings in the Company.

15. ABSTENTION FROM VOTING

Rule 919 of the Catalist Rules prohibits “interested persons” and their Associates from voting on a resolution, or accepting appointments as proxies unless specific instructions as to voting are given, in relation to a matter in respect of which such persons are interested in at the EGM.

Accordingly, Metadrome, Mr Clement Lee, Ms Zanetta Lee and Ms Olive Tai will abstain, and will ensure that their respective Associates will abstain, from voting on the ordinary resolution relating to the Proposed Disposal. If and when votes are cast by such persons, the Company will disregard any votes cast by them on the ordinary resolution in relation to

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the Proposed Disposal. Such persons will also not accept appointments as proxies unless specific instructions as to voting are given in relation to the Proposed Disposal.

Mr Clement Lee and Metadrome will abstain, and will ensure that their respective Associates (including Ms Zanetta Lee who is the sibling of Mr Clement Lee) will abstain, from voting on the ordinary resolution relating to the Proposed Assignment. If and when votes are cast by such persons, the Company will disregard any votes cast by them on the ordinary resolution in relation to the Proposed Assignment. Such persons will also not accept appointments as proxies unless specific instructions as to voting are given in relation to the Proposed Assignment.

16. SERVICE CONTRACTS

As at the Latest Practicable Date, no person is proposed to be appointed as a director of the Company in connection with the Proposed Transactions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

However, the service contracts between the Founders and the Company are intended to be terminated with effect from Closing. In addition, Mr Chia Seng Lum, Jake and Ms Quek Wei Ling, who are employed by Synagie SG as at the Latest Practicable Date, will cease to be executive officers of the Group with effect from Closing. The Company is in the process of identifying a new management team for the Group and will make announcements in compliance with the Catalist Rules as and when a new management team is identified.

17. DIRECTORS' RECOMMENDATION

17.1 Proposed Disposal

Having reviewed and considered, *inter alia*, the terms, rationale and financial effects of the Proposed Disposal, as well as the advice and opinion of the IFA, the Non-interested Directors are of the opinion that the Proposed Disposal is in the interests of the Company and accordingly recommend that independent Shareholders **vote in favour** of the ordinary resolution relating to the Proposed Disposal, as set out in the Notice of EGM.

17.2 Proposed Assignment

Having reviewed and considered, *inter alia*, the terms, rationale and financial effects of the Proposed Assignment, as well as the advice and opinion of the IFA, the Non-interested Directors are of the opinion that the Proposed Assignment is in the interests of the Company and accordingly recommend that independent Shareholders **vote in favour** of the ordinary resolution relating to the Proposed Assignment, as set out in the Notice of EGM.

17.3 Proposed Special Dividend

Having reviewed and considered, *inter alia*, the terms and financial effects of the Proposed Special Dividend, the Directors are of the opinion that the Proposed Special Dividend is in the interests of the Company and accordingly recommend that Shareholders **vote in favour** of the ordinary resolution relating to the Proposed Special Dividend, as set out in the Notice of EGM.

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17.4 Proposed Capital Reduction and Proposed Cash Distribution

Having reviewed and considered, *inter alia*, the terms and financial effects of the Proposed Capital Reduction and the Proposed Cash Distribution, the Directors are of the opinion that the Proposed Capital Reduction and the Proposed Cash Distribution are in the interests of the Company and accordingly recommend that Shareholders **vote in favour** of the special resolution relating to the Proposed Capital Reduction and the Proposed Cash Distribution, as set out in the Notice of EGM.

17.5 Proposed Change of Name

Having reviewed and considered, *inter alia*, the rationale of the Proposed Change of Name, the Directors are of the opinion that the Proposed Change of Name is in the interests of the Company and accordingly recommend that Shareholders **vote in favour** of the special resolution relating to the Proposed Change of Name, as set out in the Notice of EGM.

17.6 Appointment of Chairman as Proxy

The Chairman of the EGM will accept appointment as proxy for any Shareholder to vote in respect of the resolutions relating to the Proposed Transactions to be proposed at the EGM where such Shareholder has given specific instructions in a validly completed and submitted Proxy Form as to voting, or abstentions from voting, in respect of such resolutions.

18. EXTRAORDINARY GENERAL MEETING

18.1 Date and time of EGM

The EGM, notice of which is set out on pages 128 to 132 of this Circular, will be held by way of electronic means on 28 September 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the notice of EGM on pages 128 to 132 of this Circular.

18.2 No attendance at EGM

Due to the current COVID-19 restriction orders in Singapore (including under the COVID-19 Act), **Shareholders and Investors will not be able to attend the EGM in person**. Instead, alternative arrangements have been put in place to allow Shareholders and Investors to participate at the EGM by:

- (a) watching the EGM proceedings via “live” audio-and-video webcast or listening to the EGM proceedings via “live” audio feed;
- (b) submitting questions in advance of the EGM; and/or
- (c) voting by appointing the Chairman of the EGM as proxy at the EGM.

Please refer to Section 20 of this Circular for further details on the alternative arrangements for the EGM.

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In addition, Shareholders should note that the Company may make further changes to its EGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNet.

19. NO DESPATCH OF PRINTED COPIES OF CIRCULAR, NOTICE OF EGM AND PROXY FORM

In line with the provisions under the COVID-19 Order, no printed copies of this Circular, the Notice of EGM and the Proxy Form in respect of the EGM will be despatched to Shareholders.

Copies of this Circular, the Notice of EGM and the Proxy Form have been uploaded on SGXNet and are now also available on the Company's website at the following link: <http://investor.synagie.com/financial-information/>.

A Shareholder will need an Internet browser and PDF reader to view these documents on SGXNet and the Company's designated website.

Shareholders are advised to read this Circular carefully in order to decide whether they should vote in favour of or against the resolutions in relation to the Proposed Transactions to be proposed at the EGM.

20. ACTION TO BE TAKEN BY SHAREHOLDERS

20.1 Alternative arrangements

Alternative arrangements have been put in place to allow Shareholders and Investors to participate at the EGM as follows:

(a) Registration to attend the EGM

The Company's Chairman, Mr Lim Chuan Poh, will conduct the proceedings of the EGM by way of electronic means.

Shareholders and Investors will be able to watch these proceedings through a "live" audio-and-video webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone.

In order to do so, Shareholders and Investors must follow these steps:

- (i) Shareholders and Investors (including SRS Investors) who wish to follow the proceedings through a "live" webcast via their mobile phones, tablets or computers or listen to the proceedings through a "live" audio feed via telephone must pre-register at the URL <http://scl.availeasemgdwebinar.com> no later than 10.00 a.m. on 25 September 2020 ("**Registration Cut-Off Time**") (being 72 hours before the time fixed for the EGM). Following verification, an email

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containing instructions on how to access the “live” webcast and audio feed of the proceedings of the EGM will be sent to authenticated members and Investors by 26 September 2020.

- (ii) Shareholders and Investors who do not receive any email by 5.00 p.m. on 26 September 2020, but have registered by the Registration Cut-Off Time, should contact the Company by email at WebcastEGMFY2020@synagie.com.
- (iii) Investors holding Shares through Depository Agents must also contact their respective Depository Agents as soon as possible to indicate their interest in order for the Depository Agents to make the necessary arrangements for them to participate in the “live” broadcast of the EGM.

(b) Submission of questions in advance

Shareholders and Investors will not be able to ask questions “live” during the broadcast of the EGM. Shareholders and Investors who pre-register to watch the “live” audio-and-video webcast or listen to the “live” audio-only feed may submit questions related to the resolutions to be tabled for approval at the EGM:

- (i) All questions must be submitted by 10.00 a.m. on 25 September 2020 (being 72 hours before the time fixed for the EGM):
 - (A) via the pre-registration website at the URL <http://scl.availeasemgdwebinar.com>;
or
 - (B) by email to the Company at EGMProxyFY2020@synagie.com.
- (ii) The Company will endeavour to address substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM as received from Shareholders and Investors either before the EGM on SGXNet and the Company’s website at the URL <http://investor.synagie.com/financialinformation/> or during the EGM.
- (iii) The Company will, within one month after the date of the EGM, publish the minutes of the EGM on SGXNet and the Company’s website, and the minutes will include the responses to the questions referred to above.
- (iv) Please note that Shareholders and Investors will not be able to ask questions at the EGM “live” during the webcast and the audio feed, and therefore it is important for Shareholders and Investors to pre-register their participation in order to be able to submit their questions in advance of the EGM.

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(c) Voting by proxy only

Shareholders and Investors will not be able to vote online on the resolutions to be tabled for approval at the EGM. Instead, if Shareholders (whether individual or corporate) wish to exercise their votes, they must submit a proxy form to **appoint the Chairman of the EGM** to vote on their behalf:

- (i) Shareholders (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.
- (ii) The proxy form must be submitted to the Company in the following manner:
 - (A) if submitted by post, be lodged with the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., at 30 Cecil Street, #19-08, Prudential Tower, Singapore 049712; or
 - (B) if submitted electronically, be submitted via email to EGMProxyFY2020@synagie.com,

in either case, by 10.00 a.m. on 25 September 2020 (being 72 hours before the time fixed for the EGM).

- (iii) Investors (excluding SRS Investors) who wish to vote should approach their relevant intermediaries as soon as possible to specify his/her voting instructions. SRS Investors who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries (including their respective SRS Approved Banks) to submit their voting instructions by 5.00 p.m. on 16 September 2020 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf by 10.00 a.m. on 25 September 2020.

20.2 Depositor not member

A Depositor will not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP to the Company at least 72 hours before the EGM.

21. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

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22. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

To the best of RHTC's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction, the Proposed Cash Distribution, and the Company and its subsidiaries, and RHTC is not aware of any facts the omission of which would make any statement in the document misleading.

23. CONSENTS

23.1 Financial Adviser

RHTC has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references to it, in the form and context in which they respectively appear in this Circular.

23.2 Independent Valuer

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references to it and the Valuation Report, in the form and context in which they respectively appear in this Circular.

23.3 Independent Financial Adviser

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references to it and the IFA Letter, in the form and context in which they respectively appear in this Circular.

24. INSPECTION OF DOCUMENTS

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, the following documents are available for inspection at the registered office of the Company at 38 Jalan Pemimpin, #05-09, M38, Singapore 577178 during normal business hours for a period of three (3) months from the date of this Circular:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for FY2019;
- (c) the unaudited consolidated financial statements of the Group for 1H2020;
- (d) the SPA;
- (e) the Valuation Report;
- (f) the IFA Letter; and
- (g) the letters of consent referred to in Section 23 of this Circular.

An announcement will be made by the Company should there be any changes to the registered office of the Company.

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The annual report of the Company for FY2019 and the unaudited consolidated financial statements of the Group for 1H2020 may also be accessed at the Company's website at <http://investor.synagie.com/financial-information/>.

Yours faithfully

For and on behalf of the Board of Directors of
SYNAGIE CORPORATION LTD.

Lim Chuan Poh
Non-Executive and Independent Chairman

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NOVUS CORPORATE FINANCE PTE. LTD.

9 RAFFLES PLACE
#17-05 REPUBLIC PLAZA TOWER 1
SINGAPORE 048619

4 September 2020

To: The Non-Interested Directors of Synagie Corporation Ltd.
(deemed to be independent in respect of the Proposed Disposal and Proposed Assignment as Interested Person Transactions)

Mr. Lim Chuan Poh	(Non-Executive and Independent Chairman)
Mr. Chue En Yaw	(Non-Executive and Independent Director)
Mr. Ong Shen Chieh (Wang Shengjie)	(Non-Executive and Independent Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE PROPOSED DISPOSAL OF THE ENTIRE E-COMMERCE, E-COMMERCE ENABLER AND LOGISTICS BUSINESS OF THE GROUP (THE “PROPOSED DISPOSAL”), AND THE PROPOSED ASSIGNMENT OF AN INTEREST-BEARING PROMISSORY NOTE BY THE PURCHASER TO THE COMPANY (THE “PROPOSED ASSIGNMENT” AND COLLECTIVELY WITH THE PROPOSED DISPOSAL, THE “INTERESTED PERSON TRANSACTIONS”)

Unless otherwise defined or the context otherwise requires, all terms defined in the circular to shareholders of the Company dated 4 September 2020 (the “Circular”) shall have the same meaning herein.

1. INTRODUCTION

1.1 Overview

The board of directors (the “**Directors**”) of Synagie Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) had, on 5 August 2020 (the “**Announcement Date**”), announced that the Company had entered into a sale and purchase agreement (“**SPA**”) with Synagistics Pte. Ltd. being the purchaser (the “**Purchaser**”), and Metadrome Ltd. (“**Metadrome**”) being the guarantor to the Company. The Purchaser comprises a consortium of investors led by Meranti ASEAN Growth Fund L.P (“**Meranti**”), a fund managed by the Gobi Partners Group.

Pursuant to and on the terms of, and subject to the conditions set out in the SPA:

- (a) the Company has agreed to sell, and the Purchaser has agreed to purchase the E-Commerce Business (as defined below), including the Sale Shares (as defined below) for an aggregate consideration of S\$61,679,181.60 (the “**Consideration**”);
- (b) the Proposed Disposal involves the disposal of the entire e-commerce, e-commerce enabler and logistics business (including the technology and business solutions in relation to the foregoing) carried on by the Company and the Target Companies (as defined in paragraph 3.2 of this Letter (as defined herein)) as at the date of the

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SPA (the “**E-Commerce Business**”), including the legal and/or beneficial ownership in the following subsidiaries and associated companies, namely, BTFL Pte. Ltd., Synagie Sdn, Bhd., Synagie (Vietnam) Company Ltd, Synagie (Thailand) Ltd., Synagie Inc., Synagie Hong Kong Limited and PT Synagie Ecommerce Indonesia (collectively known as the “**Target Companies**” held by the Company) and in each case, including any other shares issued by the Target Companies pursuant to the capitalisation of any shareholder’s loans extended by the Company to the Target Companies (such shares, the “**Sale Shares**”). Accordingly, the Company will also cease to have any interests in the various subsidiaries and associated companies of the Target Group following the completion of the Proposed Disposal (“**Closing**”). Further details on the group structure of the Group and Target Companies are set out in paragraphs 3.1 and 3.2 of this Letter;

- (c) the Consideration comprises, *inter alia*, S\$51,821,978.42 in cash and an amount of S\$9,357,203.18 to be satisfied by the assignment by the Purchaser to the Company of an interest-bearing promissory note (the “**Promissory Note**”) in the principal amount of S\$9,357,203.18 (the “**Promissory Note Amount**”) issued by Metadrome (the “**Proposed Assignment**”). The entire amount owing by Metadrome to the Company under the Promissory Note (including interest accrued thereon), which is estimated to be approximately S\$9,362,000, will thereafter be set-off against Metadrome’s entitlement to the Proposed Special Dividend (as defined herein) and the Proposed Cash Distribution (as defined herein) pursuant to the Proposed Capital Reduction (as defined herein) as a shareholder of the Company (“**Shareholder**”); and
- (d) following Closing, the Company will continue to own and carry out the insurtech business segment, which provides third party administration and value-added services to help clients in the computer, communication and consumer electronics sector manage and execute their extended warranty and accidental damage protection programs (the “**Insurtech Business**”).

Subject to, *inter alia*, Shareholders’ or independent Shareholders’ (“**Independent Shareholders**”) approval (as the case may be) of the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution, and the proposed change of name of the Company (the “**Proposed Change of Name**”) (collectively, the “**Proposed Transactions**”), and based on the information available to the Company as at the Latest Practicable Date, the Company intends to distribute an amount (the “**Net Distributable Amount**”) of approximately S\$58,548,000, or S\$0.1914 per Share¹ from the Consideration to the Shareholders as soon as practicable following Closing through:

- (a) a one-tier tax-exempt special cash dividend of S\$0.1028 for each Share based on the Shares Outstanding, amounting to an aggregate distribution of approximately S\$31,446,000 (the “**Proposed Special Dividend**”) held by the Shareholders as at the record date; and
- (b) a proposed cash distribution by the Company to Shareholders of S\$0.0886 in cash for each Share held by Shareholders or on their behalf as at the Capital Reduction Record Date, amounting to an aggregate distribution of approximately S\$27,102,000 (the “**Proposed Cash Distribution**”) pursuant to the proposed capital reduction exercise

¹ Based on the total number of issued Shares amounting to 305,895,908 as at the Latest Practicable Date (the “**Shares Outstanding**”)

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to be undertaken by the Company to return to Shareholders surplus share capital in excess of its needs pursuant to Section 78G read with Section 78I of the Companies Act, Chapter 50 of Singapore (“**Companies Act**”) to effect the Proposed Cash Distribution (the “**Proposed Capital Reduction**”).

1.2 The Interested Person Transactions

Proposed Disposal

As at the date of the SPA and the Latest Practicable Date:

- (a) Metadrome is a controlling shareholder of the Company, holding a direct interest in 71,373,669 ordinary shares in the capital of the Company (“**Shares**”), representing approximately 23.33% of the Shares Outstanding;
- (b) Mr Clement Lee Shieh-Peen (“**Clement**”), an Executive Director and Chief Executive Officer of the Company, is the sole beneficial owner of Metadrome; and
- (c) Metadrome is the sole shareholder of the Purchaser.

Accordingly, as at the date of the SPA and the Latest Practicable Date, the Purchaser, being an associate of Metadrome and Clement, is an “interested person” under Chapter 9 of the Catalist Rules. Prior to Closing, Meranti and Alibaba Singapore Holding Private Limited (“**ASH**”) will become shareholders of the Purchaser. At Closing, Ms Zanetta Lee Yue (“**Zanetta**”) and Venture Lab Pte. Ltd. (being a company incorporated in Singapore and wholly-owned by Ms Tai Ho Yan (“**Olive**”)) (“**Venture Lab**”) will also become shareholders of the Purchaser (collectively, and together with Metadrome, Meranti and ASH, the “**Purchaser Shareholders**”).

As at the Latest Practicable Date, Zanetta and Olive, who are Executive Directors of the Company, have a direct interest of approximately 3.46% and 2.96% of the Shares Outstanding or 10,592,190 Shares and 9,056,250 Shares respectively.

It is envisaged that the co-founders of the Company, being Clement, Zanetta and Olive (through Venture Lab) (collectively, the “**Founders**”), will hold a resulting aggregate shareholding interest in the Purchaser of (i) approximately 15% as at Closing, and (ii) approximately 31% after Closing and the completion of their respective subscription of shares in the Purchaser. The aggregate shareholding of Metadrome and Ms Zanetta Lee will not exceed 30%. Accordingly, as at Closing and upon the completion of the subscription of shares by the Purchaser Shareholders in the Purchaser, the Purchaser will not be considered an “interested person” under Chapter 9 of the Catalist Rules as both (i) Clement and Zanetta (being siblings), and (ii) Olive, respectively, will be interested in less than 30% of the shareholding interest of the Purchaser.

Considering that (i) the Purchaser is an “interested person” of the Company under Chapter 9 of the Catalist Rules as at the date of the SPA and the Latest Practicable Date as stated above, (ii) Metadrome, Zanetta Lee and Olive, each of whom are “interested persons” in their own right, will collectively own approximately 31% of the shareholding of the Purchaser after Closing and the completion of their subscription of shares in the Purchaser, and (iii) the objective of Chapter 9 of the Catalist Rules is to guard against the risk that “interested persons” could influence an issuer to enter into transactions that may adversely affect the interests of the issuer or its shareholders, the Company has treated the

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Purchaser as an “interested person” for the purposes of Chapter 9 of the Catalist Rules. The Company is an “entity at risk” under Chapter 9 of the Catalist Rules. Accordingly, the Proposed Disposal constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

Under Rule 906 of the Catalist Rules, approval is required from Shareholders for an interested person transaction of a value equal to, or more than:

- (a) 5% of the Group’s latest audited net tangible assets (“**NTA**”); or
- (b) 5% of the Group’s latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

The value of the Proposed Disposal, being the amount at risk to the Company, is approximately S\$61,679,000 and the Consideration for the Proposed Disposal represents approximately 3,611.2% of the Group’s latest audited NTA of S\$1,708,000 as at 31 December 2019. Taken together with the relative figures under Rule 1006 of the Catalist Rules, of which (a) the Consideration for the Proposed Disposal represents approximately 106.1% of the Group’s market capitalisation (excluding treasury shares) of approximately S\$58,120,000 as at 29 July 2020 and (b) the net profits attributable to the Target Companies represents approximately 117.1% of the Group’s net profits for the 6-month financial period ended 30 June 2020 (“**1H2020**”), the Proposed Disposal also constitutes as a “major transaction” under Rule 1014 of the Catalist Rules. Accordingly, Shareholders’ approval for the Proposed Disposal must be sought at the extraordinary general meeting of the Company to be held on 28 September 2020 at 10:00 a.m. (the “**EGM**”).

Proposed Assignment

As stated above, Metadrome is deemed to be an “interested person” while the Company is an “entity at risk” under Chapter 9 of the Catalist Rules. By accepting the assignment of the Promissory Note from the Purchaser to the Company on Closing, the Company will, in substance, be making a loan to Metadrome. Accordingly, the Proposed Assignment constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

Under Rule 909(3) of the Catalist Rules, in the case of the lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan. The value of the Proposed Assignment (being the amount at risk to the Company) is approximately S\$9,362,000, being the Promissory Note Amount and its interest payable for a period of two (2) months, which is the estimated duration that the Company envisages to undertake and complete the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction following Closing. The Promissory Note will bear an interest rate of 0.3 per cent per annum (the “**Interest Rate**”) which the Company intends for the Promissory Note to bear on and from Closing. Accordingly, the Promissory Note Amount and the interest payable represents approximately 548.1% of the Group’s latest audited NTA of S\$1,708,000 as at 31 December 2019 and the Proposed Assignment will be subject to Shareholders’ approval pursuant to Rule 906(1)(a) of the Catalist Rules.

The Proposed Disposal and the Proposed Assignment will be deemed as interested person transactions under Chapter 9 of the Catalist Rules, which requires the approval of the Independent Shareholders under Rule 906 of the Catalist Rules. The Proposed Disposal also constitutes a “Major Transaction” under Chapter 10 of the Catalist Rules in respect of

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the disposal of substantially the whole of the undertaking of the Company under Section 160 of the Companies Act. Furthermore, Metadrome, being wholly owned by Clement, who is the Executive Director and Chief Executive Officer of the Company, is the “interested person” in respect of the Proposed Assignment, and consequently, the Company is also required under Section 163(1) of the Companies Act to obtain the approval of the Shareholders for the Proposed Assignment.

Novus Corporate Finance Pte. Ltd. (“**NCF**”) has been appointed by the Company as the independent financial adviser (the “**IFA**”), pursuant to Catalist Rule 921(4)(a), to advise the directors deemed to be independent in respect of the Interested Person Transactions (the “**Non-Interested Directors**”) on the Proposed Disposal and the Proposed Assignment, and to provide an opinion on whether the Proposed Disposal and the Proposed Assignment are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. This letter sets out, *inter alia*, our views and evaluation of the Proposed Disposal and the Proposed Assignment, and our opinion thereon (the “**Letter**”), which will form part of the Circular providing, *inter alia*, the terms and conditions of the Proposed Disposal, the Proposed Assignment and the recommendation of the Non-Interested Directors.

2. TERMS OF REFERENCE

We have been appointed to advise the Non-Interested Directors in respect of the Interested Person Transactions.

We were neither a party to the negotiations entered into by the Company in relation to the Interested Person Transactions nor were we involved in the deliberations leading up to the decision of the Directors to undertake the Interested Person Transactions. Accordingly, we do not, by this Letter, warrant the merits of the Proposed Disposal and/or the Proposed Assignment other than to express an opinion on whether the Proposed Disposal and the Proposed Assignment are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

Our terms of reference do not require us to evaluate or comment on the legal, commercial or strategic merits of the Proposed Disposal and/or the Proposed Assignment. Such evaluations and comments are and remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company and the Target Companies. We have also relied on information provided and representations made, whether written or verbal, including relevant financial analyses, estimates and representations contained in the Circular by the management of the Company (the “**Management**”), the Directors, and the Company’s solicitors and auditors. We have not independently verified such information, representation or assurance, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made reasonable enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information, representation or assurance.

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We have relied upon the assurances of the Directors (including those who may have been delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, that (a) all material information in connection with the Proposed Disposal, the Proposed Assignment, the Company and its subsidiaries as well as the Target Companies has been disclosed to us; (b) such information is true, complete and accurate in all material aspects; and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Proposed Disposal, the Proposed Assignment, the Company, the Target Companies and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purpose of assessing the Proposed Disposal and the Proposed Assignment and reaching our conclusion thereon, we have not conducted a comprehensive independent review of the business, operations or financial condition of the Company, the Target Companies and/or the Group. We have also not relied upon any financial projections or forecasts in respect of the Company, the Target Companies and/or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company, the Target Companies and/or the Group in connection with our opinion in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Company, the Target Companies and/or the Group (including, without limitation, property, plant and equipment) of the Company, the Target Companies or the Group. As such, we will be relying on the Valuation Report (as defined herein) as well as the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company, the Target Companies and/or the Group.

Our analysis and our opinion as set out in this Letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 28 August 2020 (the “**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion and advice in light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Proposed Disposal and/or the Proposed Assignment which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Non-Interested Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter).

Our opinion in respect of the Interested Person Transactions, as set out in section 7 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

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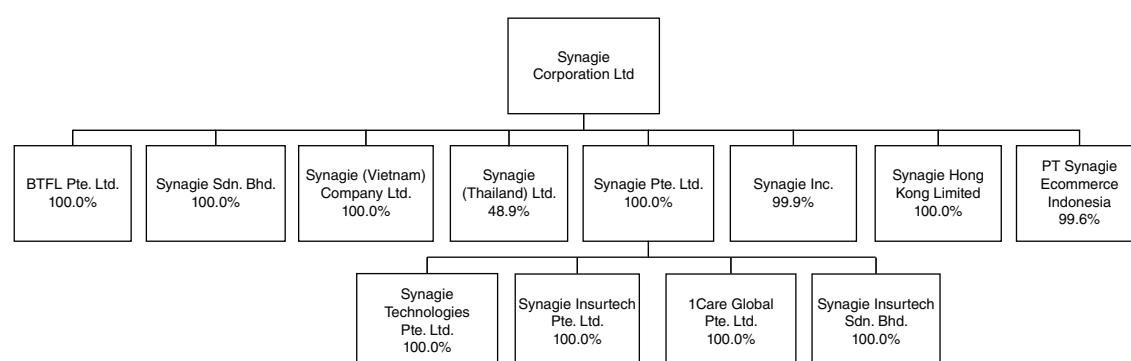
3. INFORMATION ON THE COMPANY, THE TARGET COMPANIES AND THE GROUP

3.1 Information on the Company, the Target Companies and the Group.

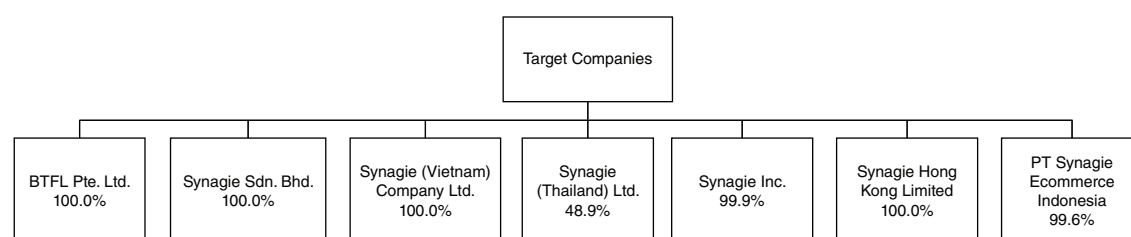
The Company is a leading e-commerce solutions provider in Southeast Asia in the Body, Beauty and Baby sector. The Group helps its brand partners to execute their e-commerce strategies by selling their goods or services online and providing one-stop services and integrated technology to manage their multi-channel e-commerce operations. Complementing its e-commerce business, the Company has an insurtech business where its subsidiary has more than eight years of experience in providing third party administration to help the Group's brand partners in the computer, communication and consumer electronics sector manage and execute their extended warranty and accidental damage protection programs.

Based on the annual report of the Company for FY2019, the group structures of the Group and the Target Companies are as follows:

Current Group Structure



Group Structure of the Target Companies



Pursuant to Closing, it is envisaged that the sole remaining wholly-owned direct subsidiary of the Company will be Synagie Pte. Ltd., which in turn will hold the entire issued and paid-up share capital of (a) Synagie Technologies Pte. Ltd., (b) Synagie Insurtech Pte. Ltd., (c) 1Care Global Pte. Ltd., and (d) Synagie Insurtech Sdn. Bhd.

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3.2 Information on the E-Commerce Business

The details on the E-Commerce Business have been set out in Section 2.1 of the Circular. The key information is extracted and reproduced in italics below:

*“The Proposed Disposal involves the disposal of the entire e-commerce, e-commerce enabler and logistics business (including the technology and business solutions in relation to the foregoing) carried on by the Company and the Target Companies as at the date of the SPA (excluding, for the avoidance of doubt, the insurtech business of the Group that is carried on by Synagie Pte. Ltd. and its subsidiaries) (the “**E-Commerce Business**”), including the legal and/or beneficial ownership in the following subsidiaries and associated companies:*

- (a) 5,932,142 ordinary shares, representing 100% of the issued share capital of Synagie SG;*
- (b) 1,250,000 ordinary shares, representing 100% of the issued share capital of Synagie Sdn. Bhd.;*
- (c) 100% of the contributed capital of Synagie (Vietnam) Company Ltd;*
- (d) 48,900 ordinary shares, representing 48.9% of the issued share capital of Synagie TH;*
- (e) legal and beneficial ownership over 10,999,995 common shares, representing more than 99.9% of the issued share capital of Synagie PH, and beneficial ownership over five (5) common shares held by five individual nominee shareholders, representing less than 0.1% of the issued share capital of Synagie PH;*
- (f) one (1) ordinary share, representing 100% of the issued share capital of Synagie HK; and*
- (g) 24,975,000 ordinary shares, representing 99.6% of the issued share capital of Synagie ID,*

*(such companies, the “**Target Companies**” and each a “**Target Company**”) and in each case, including any other shares issued by the Target Companies pursuant to the capitalisation of any shareholder’s loans extended by the Company to the Target Companies (such shares, the “**Sale Shares**”).*”

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3.3 Information on the Target Companies

The details on the Target Companies have been set out in Section 2.2 of the Circular. The key information is extracted and reproduced in italics below:

<i>Name (Country of Incorporation)</i>	<i>Particulars of registered/ paid-up capital</i>	<i>Percentage of equity interest attributable to the Company</i>	<i>Principal Business Activity</i>
<i>BTFL Pte. Ltd. (Singapore)</i>	<i>S\$7,400,000</i>	<i>100%</i>	<i>Value added logistics providers and retail sale via internet</i>
<i>Synagie Sdn. Bhd. (Malaysia)</i>	<i>RM1,250,000</i>	<i>100%</i>	<i>Warehousing and storage services, retail sale of any kind of product over the internet and wholesale of other household goods</i>
<i>Synagie (Vietnam) Company Ltd (Vietnam)</i>	<i>VND230,000,000</i>	<i>100%</i>	<i>Wholesale, retail distribution of goods, and express services</i>
<i>Synagie (Thailand) Ltd. (Thailand)</i>	<i>THB1,000,000/ THB250,000</i>	<i>48.9%</i>	<i>E-Commerce and the provision of consultancy services on management, coordination and support associated with e-Commerce</i>
<i>Synagie Inc. (Philippines)</i>	<i>PHP11,000,000</i>	<i>99.9%</i>	<i>Wholesale trading of goods and merchandise</i>
<i>Synagie Hong Kong Limited (Hong Kong)</i>	<i>HKD1.00</i>	<i>100%</i>	<i>Trading and distribution of personal care and beauty products</i>
<i>PT Synagie Ecommerce Indonesia (Indonesia)</i>	<i>IDR2,507,500,000</i>	<i>99.6%</i>	<i>Retail trade through media platforms for a mixture of goods, and computer programming and its related activities</i>

Further details on the group structure and historical financial performance of the Target Companies are set out in paragraphs 3.1 and 5.3 of this Letter respectively.

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4. SALIENT INFORMATION ON THE INTERESTED PERSON TRANSACTIONS

4.1 Proposed Disposal

The details of the Proposed Disposal are set out in Section 3 of the Circular. A summary of the principal terms of the Proposed Disposal is set out below for your reference.

4.1.1 Information on the Purchaser

The Purchaser, a company incorporated in Singapore on 28 July 2020, is principally engaged in the business of investment holding. The shareholders of the Purchaser will comprise a consortium of investors led by Meranti.

As at the date of the SPA and as at the Latest Practicable Date, Metadrome, a company incorporated in the British Virgin Islands, is the sole shareholder of the Purchaser and is also a controlling shareholder of the Company, with a direct interest in 71,373,669 Shares or 23.33% of the Shares Outstanding. Clement is the sole beneficial owner of Metadrome as well as the Executive Director and Chief Executive Officer of the Company.

Meranti and ASH will become shareholders of the Purchaser prior to Closing. After Closing, Zanetta and Venture Lab will also become shareholders of the Purchaser. Collectively, the Founders are expected to have an aggregate shareholding interest of 15% as at the completion of the Proposed Disposal, and approximately 31% following the completion and their respective subscription of shares in the Purchaser. The aggregate shareholding of Metadrome and Zanetta will not exceed 30%.

Venture Lab, a company incorporated in Singapore, is wholly-owned by Olive, who is an Executive Director of the Company.

The details on Meranti have been set out in Section 2.5 of the Circular. The key information is extracted and reproduced in italics below:

“Meranti is a US\$200 million fund aimed at investing into growth-stage start-ups in ASEAN. It is a fund established and managed by the Gobi Partners group which is one of the longest standing venture capital firms with a Pan-Asian presence across North Asia, South Asia, and ASEAN with over US\$1.1 billion in assets under management.”

4.1.2 Consideration for the Proposed Disposal

The following information on the Consideration has been extracted from Section 3.2 of the Circular and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

“3.2 Consideration

The Consideration for the sale of the E-Commerce Business to the Purchaser, including the Sale Shares, shall be S\$61,679,181.60, which consists of:

(a) a base consideration of S\$61,179,181.60, comprising an amount of:

(i) S\$51,821,978.42 in cash, and

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- (ii) *an amount of S\$9,357,203.18 to be satisfied by the assignment of the Promissory Note by the Purchaser to the Company; and*
- (b) *an amount in cash equal to the closing net cash balance of the Target Companies (“Closing Net Cash Balance”), being the aggregate amount of cash and cash equivalents of the Target Companies as at Closing (not including the aggregate amount of restricted cash of the Target Companies as at Closing), less (i) the aggregate amount of borrowings and indebtedness (if any) of the Target Companies as at Closing (which, for avoidance of doubt, shall exclude trade and other payables incurred in the ordinary course of business) and (ii) the aggregate amount payable by the Target Companies to identified financiers as at Closing, provided that the Closing Net Cash Balance shall not in any event exceed S\$500,000 (or an equivalent amount in other currencies).*

The Consideration was arrived at after negotiations on an arm’s length basis and on a willing-buyer and willing-seller basis, taking into account the future business prospects of the Target Companies and comparable market transactions.”

Accordingly, we note that the Consideration represents:

- (a) *an excess of approximately S\$76,337,000 and S\$71,674,000 to the NTA of the Target Companies as at 31 December 2019 and 30 June 2020 respectively; and*
- (b) *an excess over the valuation of the 100% equity interest in the capital of the Target Companies in the range of between approximately S\$22,179,000 to S\$27,679,000. Please refer to paragraphs 4.1.5 and 5.2 of this Letter for more details on the Independent Valuation (as defined herein).*

Based on the Shares Outstanding, we note that the effective Consideration on a per Share basis of would be approximately S\$0.201 per Share (the “**Effective Consideration Price**”). Please refer to paragraph 5.4.2 of this Letter for more details of our comparison of the Effective Consideration Price with the historical volume-weighted average price (“**VWAP**”) of the Shares.

4.1.3 Conditions Precedent

The following information on the conditions precedent to the Proposed Disposal has been extracted from Section 3.3 of the Circular and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

*“The Proposed Disposal is conditional upon the satisfaction (or waiver) of, inter alia, the following conditions (“**Conditions Precedent**”):*

- (a) *Shareholders’ approval. The passing at a general meeting of the Company of resolutions to approve:*
 - (i) *the Proposed Disposal;*
 - (ii) *the Proposed Assignment of the Promissory Note;*
 - (iii) *the Proposed Special Dividend;*
 - (iv) *the Proposed Capital Reduction and the Proposed Cash Distribution; and*

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- (v) *the Proposed Change of Name;*
- (b) *Third-party consents. The consents of counterparties in respect of the sale and purchase of the E-Commerce Business, including the Sale Shares, having been obtained where such contracts or undertakings contains any restrictions or prohibition on the change in control of the shareholdings and/or the boards of directors of any Target Company or includes any right to terminate exercisable prior to or as a result of any matter contemplated by the SPA;*
- (c) *Material Licences. The licences, authorisations, orders, grants, confirmations, permissions, registrations, consents, permits and other approvals necessary for or in respect of the sale and purchase of the E-Commerce Business, including the Sale Shares, by the Purchaser and/or which are material or desirable to the E-Commerce Business having been obtained;*
- (d) *Regulatory Conditions. The fulfilment of any conditions or requirements that may be imposed by the Sponsor, the SGX-ST and/or any other governmental or regulatory bodies in relation to the sale and purchase of the E-Commerce Business, including the Sale Shares;*
- (e) *Termination of related party transactions. The termination or amendment of the agreements and transactions between the Target Companies and the Company, the Founders or any of their affiliates to the reasonable satisfaction of the Purchaser;*
- (f) *Repayment of shareholder's loans. The repayment, waiver or capitalisation in full of all of the shareholder's loans extended by the Company to the Target Companies;*
- (g) *Completion of restructuring of Synagie TH. The completion of the restructuring of Synagie TH in the manner agreed between the Purchaser and the Company;*
- (h) *No material breach. There being no material breach of any of the Company's undertakings or obligations under the SPA or of any warranties provided by the Company as if such warranty was repeated on Closing by reference to the facts or circumstances then existing; and*
- (i) *No material adverse effect. There being no occurrence of a material adverse effect. A material adverse effect means save for any permitted leakage as set out in the SPA, any one or more fact, matter, event, circumstance, condition, effect, occurrence or change which, whether individually or in the aggregate, has or have, the effect of causing:*
- (i) a diminution of the turnover of the Target Companies by more than S\$903,466.40, being 10% of the combined turnover of the Target Companies for the six-month period ended 31 December 2019 as stated in the unaudited combined financial statements of the Target Companies (other than Synagie HK and Synagie ID) for the 12-month period ended on 31 December 2019 (the "**Combined Unaudited Financial Statements**"), as determined by reference to the unaudited consolidated management income statement for the six-month period ending on the calendar month-end falling at least the (10) business days prior to the Closing Date; or*

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- (ii) *the termination or cessation of customer contracts of the Target Companies in force as at the date of the SPA for any reason, where such customer contracts cumulatively account for 10% or more of the turnover of the Target Companies as set out in the Combined Unaudited Financial Statements,*

and in the case of (i), such financial statements to be adjusted so as to disregard all matters and financial effects relating to the Target Companies' projects in 2020 relating to the one-off trading in, manufacture and sale of sanitizers, masks and thermometers; and in the case of (ii), the termination, cessation or non-renewal of contracts between the Target Companies and certain identified customers shall be disregarded for the purposes of such calculation."

4.1.4 Material terms in relation to the SPA

The following information on other material terms of the Proposed Disposal are set out in Section 3.6 of the Circular and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

"3.6 Other Material Terms

- (a) *Minimum Closing Net Cash Balance.* The Company undertakes to ensure that the Closing Net Cash Balance shall be at least S\$500,000 (or an equivalent amount in other currencies).
- (b) *Change of Name.* Within 20 business days after the Closing, the Company shall effect the change of name of the Company and its subsidiaries (which, for the avoidance of doubt, shall not include the Target Companies) to names which do not use, refer to or are otherwise derivatives of the name "Synagie".
- (c) *W&I Insurance.* Each of the Company and the Purchaser agrees that it shall discuss and cooperate in good faith with each other to obtain a warranty and indemnity insurance policy (the "**W&I Insurance Policy**") for the benefit of the Purchaser in respect of any losses suffered by the Purchaser in connection with a breach of any of the warranties or indemnities provided by the Company under the SPA for a coverage amount equal to at least 30% of the Consideration or such other amount as may be agreed in writing between the Company and the Purchaser, and on such terms as may be reasonably acceptable to the Purchaser. The Company shall, inter alia, bear and pay for the amount of insurance premium which would be payable to the insurer pursuant to the W&I Insurance Policy. The Company shall reimburse the Purchaser and/or its shareholders for all reasonable costs and expenses that they may have incurred in obtaining the W&I Insurance Policy up to a maximum amount of S\$20,000.
- (d) *Restrictions on the Company.* The Company has also agreed that, for a period of two (2) years from the Closing Date (or such shorter period of time recognised by applicable law as being binding on the Company), it shall not, inter alia, directly or indirectly carry on, be engaged in or be economically interested in any business within Singapore, Malaysia, Vietnam, Thailand, Philippines, Hong Kong and Indonesia which is of the same or similar type to the business of any Target Company as now carried on and which is in competition with the business of any Target Company as now carried on, save in respect of any business which the Company acquires via a reverse takeover."

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4.1.5 Independent Valuation

An independent valuation report dated 28 August 2020 (the “**Valuation Report**”) in respect of 100% equity interest in the capital of the Target Companies (based on the income approach as the primary approach) (the “**Independent Valuation**”), was issued by Cushman Wakefield VHS Pte Ltd (the “**Independent Valuer**”). Based on the Valuation Report, the market value of 100% equity interest in the capital of the Target Companies as at 30 June 2020 is estimated to range from S\$34,000,000 to S\$39,500,000. Please also refer to paragraph 5.2 of this Letter for more details on the Independent Valuation.

4.2 Proposed Assignment

The details of the Proposed Assignment are set out in Sections 1.2 and 6.3 of the Circular. A summary of the principal terms of the Proposed Assignment is set out below for your reference.

Pursuant to the terms of the SPA, the Purchaser will pay the Company a portion of the Consideration, being an amount of S\$9,357,203.18, by way of an assignment of the Promissory Note.

The Promissory Note has a principal amount of S\$9,357,203.18 and is issued by Metadrome. The Promissory Note will also bear an interest payable of 0.3% per annum on and from Closing. We note that it is envisaged that the Promissory Note will be repaid within a period of two (2) months, being the estimated duration that the Company envisages to undertake and complete the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction following Closing, pursuant to which the Promissory Note Amount (including the interest accrued thereon) will be set-off against Metadrome’s entitlement to the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction.

The Proposed Assignment constitutes (a) an interested person transaction under Chapter 9 of the Catalist Rules; and (b) a loan by the Company to another company which a Director is interested in 20% or more of the total voting power of the second-mentioned company under Section 163(1) of the Companies Act, and accordingly is subject to the approval of the Independent Shareholders being obtained at the EGM.

4.3 Proposed Special Dividend, Proposed Capital Reduction and the Proposed Cash Distribution

The salient details and conditions of the Proposed Special Dividend, as well as the Proposed Capital Reduction and the Proposed Cash Distribution are set out in Sections 1.3, 8 and 9 of the Circular respectively. Independent Shareholders are advised to read the information in these Sections of the Circular carefully.

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4.4 VOTING

Independent Shareholders are requested to vote by way of a poll on, among others, the Proposed Disposal as well as the Proposed Assignment, as set out in the Notice of EGM on pages 128 to 132 of the Circular.

Independent Shareholders should note that the Interested Person Transactions are inter-conditional upon, *inter alia*, them voting in favour of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution, and the Proposed Change of Name. If Independent Shareholders do not vote in favour of any of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution, and/or the Proposed Change of Name, the Interested Person Transactions will not take place.

5. EVALUATION OF THE PROPOSED DISPOSAL

In our evaluation of the Proposed Disposal, we have considered the following factors which we consider to be pertinent and have a significant bearing on our assessment:

- (i) the rationale for the Proposed Disposal and use of proceeds;
- (ii) the Independent Valuation;
- (iii) the historical financial performance of the Target Companies;
- (iv) the assessment of the Consideration; and
- (v) the financial effects of the Interested Person Transactions.

5.1 Rationale for the Proposed Disposal and Use of Proceeds

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Disposal or the future prospects of the Group after the Proposed Disposal.

Nevertheless, we have reviewed the rationale for, among others, the Proposed Disposal as set out in Section 5 of the Circular, the full text of which has been reproduced in italics below.

“The Board believes that the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution are in the interests of the Company and Shareholders for the following reasons:

(a) Opportunity for the Company and Shareholders to Realise Immediate Value

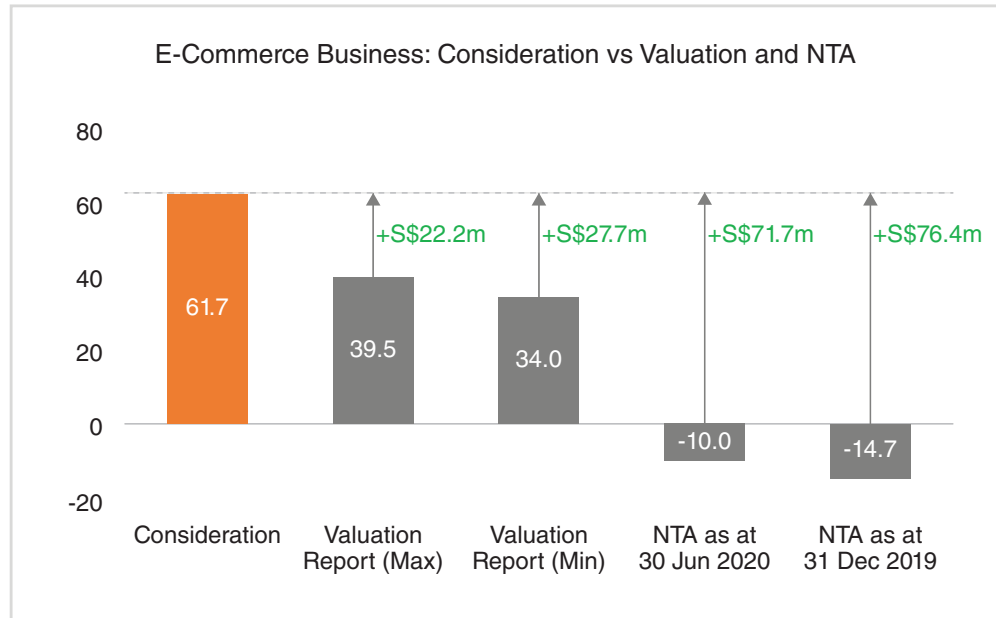
The Consideration to be received for the E-Commerce Business represents:

- (i) an excess over the NTA² of the Target Companies of approximately S\$76,337,000 for FY2019 and S\$71,674,000 for 1H2020; and*

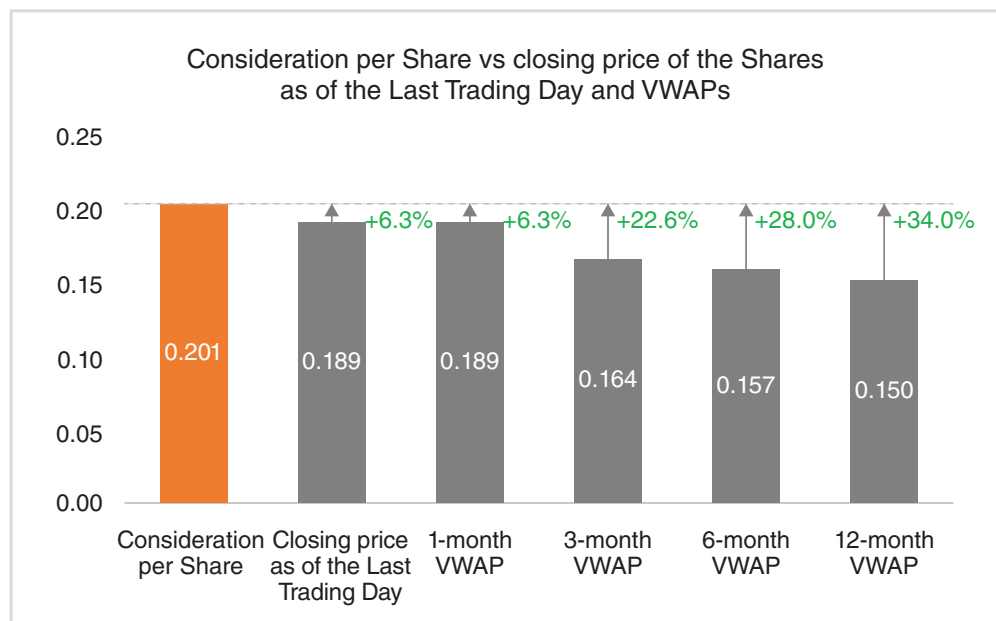
² Based on the latest audited consolidated financial statements of the Group for FY2019 and the latest unaudited consolidated financial statements of the Group for 1H2020, the NTA attributable to the Target Companies under the E-Commerce Business is approximately S\$(14,658,000) and S\$(9,995,000), respectively.

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- (ii) an excess over the valuation of 100% of the equity interest in the capital of the Target Companies in the range of between approximately S\$22,179,000 to S\$27,679,000 based on the Valuation Report issued by the Independent Valuer.



Further, the Consideration is equivalent to approximately S\$0.201 per Share, which represents approximately 106.3% of the closing price of the Shares as of 29 July 2020, being the last market day preceding the date of the SPA (the “**Last Trading Day**”), and 106.3%, 122.6%, 128.0% and 134.0% of the volume weighted average price of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the Last Trading Day, respectively.



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Through the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction, the Company intends to distribute an aggregate cash amount of approximately S\$0.1914 for each Share³ held by Shareholders.

The following illustration sets out the effects of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution on the position of a Shareholder who holds 100 fully paid-up Shares:

**Shareholder
with 100 Shares**

**Shareholding before the Proposed Special Dividend, the
Proposed Capital Reduction and the Proposed Cash
Distribution**

Number of Shares held ⁽¹⁾	100
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**Shareholding after the Proposed Special Dividend, the
Proposed Capital Reduction and the Proposed Cash
Distribution**

Cash received ⁽¹⁾	S\$19.14
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Number of Shares held ⁽¹⁾	100
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Note:

- (1) *On the assumption that such Shareholder does not deal in its Shares and holds 100 Shares as at the Special Dividend Record Date, the Capital Reduction Record Date and the effective date of the Proposed Capital Reduction.*

(b) Mitigation of Ongoing Market Risks

The Proposed Disposal, if consummated, will enable Shareholders to realise immediate value for their Shares without exposure to ongoing market risks, as compared to the realisation of value through potential future appreciation of the Company's share price and dividend payments, which may or may not materialise. The market price of the Shares is subject to a number of factors, including performance and growth of the Group, trading liquidity of the Shares, market uncertainty and prevailing economic conditions.

To date, save for the net profit for the six (6) months ended 30 June 2020, the Company has been loss-making and has not paid any dividend since its initial public offering in August 2018. As at FY2019, the Group recorded accumulated losses of S\$15,910,000, mainly attributable to the E-Commerce Business which required significant capital resources for its operations and regional expansion plans. While the Group recorded a net profit for 1H2020, this was mainly driven by one-off business-to-business orders for COVID-19 related products such as masks, toilet rolls and thermometers which contributed more than S\$23,000,000 to the Group's revenue for 1H2020, representing more than half of the Group's revenue for 1H2020. Since 30 June 2020 to the Latest Practicable Date, the Group has not received any new business-to-business orders for COVID-19 related products. Accordingly, the Group believes that such revenue may not be sustainable moving forward and there is no assurance that the Group will remain profitable as the COVID-19 situation improves.

³ Based on the total number of issued Shares of 305,895,908 as at the Latest Practicable Date.

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The e-commerce, e-commerce enabler and logistics industry continues to face strong headwinds arising from a rapidly changing technology landscape, evolving industry regulations, changing demands from brand partners and an increasing number of competitors.

Given that the E-Commerce Business⁴ continues to be loss-making, and significant capital resources are required to maintain the Group's competitive advantage in brand support, regional presence and technology development, the Proposed Transactions allow Shareholders to immediately realise the value of their investments without any further exposure to market risks in the e-commerce, e-commerce enabler and logistics business, as compared to the realisation of value through potential future appreciation of the Company's share price and dividend payments, which may or may not materialise.

(c) Opportunity to focus on the growth of the Company's insurtech business and explore other business opportunities

Following Closing, the Company will continue to own the insurtech business, which had in March 2019 launched Kiasu.me, a mobile app and cloud platform offering "pay-as-you-use" lifestyle insurance policies that cover personal gadgets, family and cyber risks to protect consumers from threats and hazards in their digital lifestyle. The core insurtech business also has more than eight years of experience in providing third party administration for extended warranty and accidental damage protection services as well as after sales support and call center services for customers which include Fortune 500 companies in the computer, consumer electronics, and communication sectors.

While the Group experienced some short-term impact to its insurtech business during the COVID-19 period due to a slowdown in renewal of contracts by customers, the long-term outlook for the insurtech industry remains positive especially as the world moves towards increased digitalisation post-COVID-19.

To leverage on the positive growth trends in the insurtech industry, the Group's insurtech subsidiaries also intend to expand their extended warranty business for both the public and private sectors. Following Closing, resources and capital of the Company, including an amount to be retained from the Consideration for working capital purposes after taking into account the amount to be distributed to Shareholders under the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction, can be focused towards the Company's insurtech business.

In conjunction with the expansion of the insurtech business, the Company also intends to explore and pursue opportunities to acquire sustainable and viable businesses to grow the business of the Group and maximise returns for Shareholders following Closing."

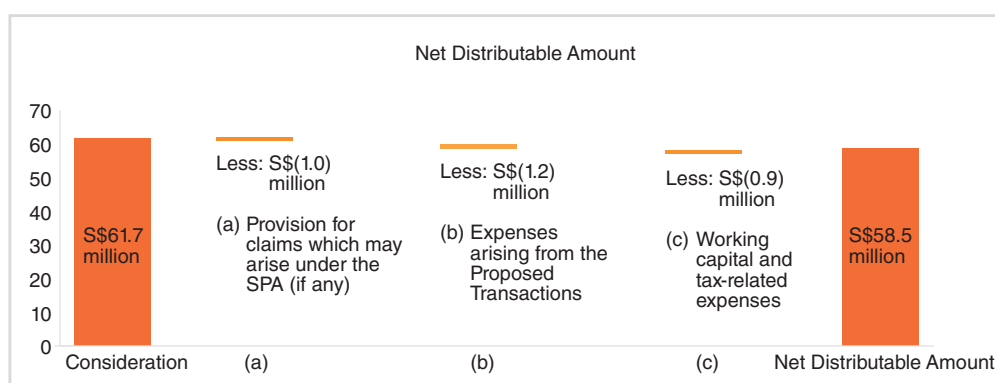
⁴ Excluding the non-recurring business-to-business orders for COVID-19 related products.

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We have also considered the Company's intended use of proceeds to be raised from the Proposed Disposal as set out in Section 4 of the Circular, the full text of which has been reproduced in italics below.

"Subject to, inter alia, Shareholders' and independent Shareholders' approval (as the case may be) of the Proposed Transactions, the Company intends to distribute the Consideration from the Proposed Disposal to the Shareholders as soon as practicable following Closing through the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction, after setting aside:

- (a) an amount of S\$1,000,000 to satisfy claims which may arise under the SPA (if any);*
 - (b) an amount of approximately S\$1,200,000 for expenses arising from the Proposed Transactions and any other fees, costs and expenses which may be payable; and*
 - (c) an amount of approximately S\$930,000 for working capital and tax-related expenses,*
- (the "Net Distributable Amount").*



Based on the information available to the Company as at the Latest Practicable Date, the Net Distributable Amount is expected to be approximately S\$58,548,000, or S\$0.1914 per Share⁵. The Proposed Special Dividend represents approximately 51.0% of the Consideration. The Proposed Cash Distribution pursuant to the Proposed Capital Reduction represents approximately 43.9% of the Consideration.

There will be no change in the number of issued Shares as a result of the Proposed Special Dividend, Proposed Capital Reduction and Proposed Cash Distribution. Accordingly, assuming Shareholders do not deal in their Shares between the Special Dividend Record Date and the Capital Reduction Record Date, there will be no change to the shareholding interests held by Shareholders before and after the Proposed Special Dividend, Proposed Capital Reduction and Proposed Cash Distribution, and Shareholders will continue to be shareholders of the Company.

The entire amount owing by Metadrome to the Company under the Promissory Note will be set-off against Metadrome's entitlement to the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction as a Shareholder.

Further details of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution are set out in Sections 8 and 9 of this Circular."

⁵ Based on the total number of issued Shares of 305,895,908 as at the Latest Practicable Date.

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5.2 Independent Valuation of the Target Companies

For the purpose of the Proposed Disposal, we note that the Company had commissioned the Independent Valuer to undertake the Independent Valuation as at 30 June 2020. A summary of the Valuation Report is attached as Appendix B of the Circular.

Basis of Independent Valuation

As set out in the Valuation Report, the Independent Valuer had conducted its valuation on the basis of “Market Value” which is defined as:

“The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”

The Independent Valuation and the Valuation Report have been prepared in accordance with the International Valuation Standards (2020) issued by the International Valuation Standards Council.

Valuation approach

As set out in the Valuation Report, the methods commonly used to develop approximate indications of value for a business or asset are the income, market and cost approach. The Independent Valuer had assessed and ascertained the market value of 100% equity interest in the capital of the Target Companies (the “**Market Value**”) based on the income approach as the primary method and market approach as a reference. The rationale for adopting the income approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. Given that the business of the Target Companies had only been established for several years, the Independent Valuer had considered the use of the income approach as the primary approach to be appropriate. The Independent Valuer had used a discounted cash flow (“**DCF**”) methodology to estimate the free cash flow to firm (“**FCFF**”), which represents the cash flows left over after covering capital expenditure and working capital needs, to assess the overall enterprise value of the Target Companies and subsequently derive the equity value based on the following formula to arrive at the enterprise value:

$$\text{FCFF} = \text{EBIT (1-Tax Rate)} + \text{Depreciation and Amortisation} \\ - \text{Capital Spending} - \text{Change in Working Capital}$$

The Independent Valuer had subsequently, among others, less off debt and non-operating payables from the enterprise value and added the excess cash and other surplus held by the Target Companies to derive the equity value. This allowed the Independent Valuer to estimate the market value of the 100% equity interest in the capital of the Target Companies under a set of reasonable and robust assumptions.

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We note that the basis of the DCF analysis was formed by the financial projections for the financial period from 1 July 2020 to 31 December 2020, as well as the financial years ending 31 December (“FY”) 2021 to FY2024. This was subsequently extended to FY2029 as the expected earnings generated in FY2024 is not at its normalised stage. We also note that the Independent Valuer had taken into consideration, among others, (i) the non-operating payables of approximately S\$17,646,000 expected to be capitalised prior to Closing, (ii) the excess cash and other surplus of approximately S\$6,500,000 and (iii) the application of a private company discount or marketability discount of 30% to reflect the private status of the Target Companies, in arriving at market value of the 100% equity interest in the capital of the Target Companies. Based on the DCF method, the Market Value as at 30 June 2020 is estimated at approximately S\$34,000,000 to S\$39,500,000. Accordingly, the Consideration is at an excess of between approximately S\$22,179,000 to S\$27,679,000 to the Market Value.

The market approach was used as a reference by the Independent Valuer, having considered the enterprise value to sales multiple, due to the volatilities from the multiples of the comparable companies shortlisted by the Independent Valuer which make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. Further it was noted in the Valuation Report that the business of the Target Companies is still at its growth stage and the current earnings are not normalised. For illustrative purposes only, we note that the valuation based on market approach and having regard to the enterprise value to sales multiples (the “**Reference Value**”), is between approximately S\$14,089,000 to S\$54,434,000. On this basis, the Consideration would be at an excess of between approximately S\$7,245,000 to S\$47,590,000 to the Reference Value.

We note that the cost approach was not adopted by the Independent Valuer because it does not directly incorporate information about the future economic benefits contributed by the Target Companies, business or business interest.

As part of the Independent Valuation, we note that the Independent Valuer has also conducted, among others, an analysis of the e-commerce industry and associated challenges, as well as a brief analysis of the historical results of the Target Companies.

The Directors and Management have confirmed that they have made due and careful enquires with respect to the assumptions and projections underlying the financial forecasts of the Target Companies prepared by the Independent Valuer in respect of the Independent Valuation.

We recommend that the Non-Interested Directors should advise the Independent Shareholders to read the Valuation Report, as well as the aforementioned summary of the Valuation Report in its entirety as set out in Appendix B to the Circular carefully, in particular but not limited to the valuation methodology, assumptions and limiting conditions.

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5.3 Historical financial performance of the Target Companies

A summary of the unaudited financial performance of the Target Companies for the last three (3) financial years ended 31 December (“FY”) 2017, 2018 and 2019, as well as 1H2020 and its comparative figures for the 6-month financial period for ended 30 June 2019 (“1H2019”) (collectively, the “**Period Under Review**”) is set out below:

Consolidated income statement

S\$'000	FY2017	FY2018	FY2019	1H2019	1H2020
Revenue	8,029	12,982	16,261	7,226	37,514
Gross profit	1,761	2,524	3,829	1,800	12,805
Other operating income	16	163	154	73	348
Distribution costs	(669)	(767)	(1,048)	(508)	(1,334)
Administrative expenses	(4,186)	(6,904)	(9,968)	(4,299)	(6,756)
Other operating expenses	(100)	(269)	(1,453)	(61)	(274)
Finance costs	(11)	(177)	(11)	–	(3)
Profit/(loss) before tax	(3,189)	(5,430)	(8,497)	(2,995)	4,786
Profit/(loss) after tax	(3,189)	(5,430)	(8,497)	(2,982)	4,786
Profit/(loss) after tax attributable to owners of the Target Companies	(3,189)	(5,430)	(8,497)	(2,982)	4,786

Statement of financial position

S\$'000	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 30 June 2020
Current assets	6,040	7,153	8,295	19,896
Current liabilities	3,839	13,456	23,302	30,177
Working capital	2,201	(6,303)	(15,007)	(10,281)
Non-current assets	462	674	926	986
Non-current liabilities	3,000	–	41	29
Equity attributable to owners of the Target Companies	(337)	(5,629)	(14,122)	(9,324)

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Consolidated cash flow statement

S\$'000	FY2017	FY2018	FY2019	1H2019	1H2020
Net cash flows generated from/(used in) operating activities	(345)	(2,263)	371	(194)	7,818
Net cash flows generated from/(used in) investing activities	(714)	(440)	(352)	(111)	(238)
Net cash flows generated from/(used in) financing activities	2,858	1,817	(104)	–	(59)
Net increase/(decrease) in cash and cash equivalents	1,799	(886)	(85)	(305)	7,521
Cash and cash equivalents at end of the financial period	1,799	913	828	608	8,349

Source: Unaudited consolidated management accounts of the Target Companies for FY2017, FY2018, FY2019, 1H2019 and 1H2020

Revenue breakdown by business segments

A breakdown of the revenue from the E-Commerce Business by business segment for the Period Under Review is as follows:

(S\$'000)	FY2017	FY2018	FY2019	1H2019	1H2020
E-Commerce	7,152	12,030	15,378	6,838	36,605
E-Logistics	877	952	883	388	909
Total	8,029	12,982	16,261	7,226	37,514

	FY2017	FY2018	FY2019	1H2019	1H2020
E-Commerce	89.1%	92.7%	94.6%	94.6%	97.6%
E-Logistics	10.9%	7.3%	5.4%	5.4%	2.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Unaudited consolidated management accounts of the Target Companies for FY2017, FY2018, FY2019, 1H2019 and 1H2020

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In relation to the Period Under Review, we note the following:

Consolidated income statement

FY2017 vs FY2018

The Target Companies' combined revenue increased by approximately S\$4,953,000 or 61.7% from approximately S\$8,029,000 in FY2017 to approximately S\$12,982,000 in FY2018. This was mainly due to (i) an increase in revenue from the e-commerce segment as a result of higher demand from online consumers for its brand partners' products; (ii) an increase in the number of brand partners from 186 in FY2017 to more than 270 in FY2018; and (iii) revenue contribution from the completion of the first full year of operations of the E-Commerce Business's expansion into the Malaysian market, representing approximately 8.4% of the total e-commerce segment sales in FY2018. As a result, the revenue derived from the e-commerce segment grew by approximately S\$4,878,000 or 68.2% from S\$7,152,000 in FY2017 to S\$12,030,000 in FY2018, whereas the e-logistics segment grew by approximately S\$75,000 or 8.6% from S\$877,000 in FY2017 to S\$952,000 in FY2018. In FY2018, the e-commerce and e-logistics segment accounted for approximately 92.7% and 7.3% of the total sales of the E-Commerce Business respectively, whereas for FY2017, the e-commerce and logistics segment accounted for approximately 89.1% and 10.9% of the total sales respectively.

Gross profit increased by approximately S\$763,000 or 43.3% from S\$1,761,000 in FY2017 to S\$2,524,000 in FY2018, in line with the increase in revenue. Gross profit margin decreased by approximately 2.5 percentage points from approximately 21.9% in FY2017 to 19.4% in FY2018. The decrease was mainly due to the lower margins from the revenue contributed by the e-commerce segment, which represents approximately 92.7% of the total sales of the E-Commerce Business in FY2018, and is slightly offset by the higher margins from the services revenue contributed by the e-logistics segment, which accounted for approximately 7.3% of the total sales.

Other operating income increased by approximately S\$147,000 or 918.8% from S\$16,000 in FY2017 to S\$163,000 in FY2018 mainly due to government grants received.

The Target Companies recorded a consolidated loss before tax of approximately S\$5,430,000 in FY2018 vis-à-vis a loss before tax of approximately S\$3,189,000 in FY2017 mainly due to (A) a surge in administrative expenses by S\$2,718,000 or 64.9%, from S\$4,186,000 in FY2017 to S\$6,904,000 in FY2018, which was attributed to higher warehouse rental and handling expenses of approximately S\$1,785,000 as a result of warehouse expansion in Singapore and Malaysia, from approximately 22,000 square feet ("sq ft") in FY2017 to more than 64,000 sq ft in FY2018 to cater to the business expansion of the E-Commerce Business in Singapore and in anticipation of an increase in order volume for FY2019; (B) an increase in other operating expenses by 169.0% or approximately S\$169,000, from S\$100,000 in FY2017 to S\$269,000 in FY2018 due to the impairment loss of trade receivables and inventories written off; and (C) an increase in finance costs in FY2018 by approximately S\$166,000 or 1,509.1% from S\$11,000 in FY2017 to S\$177,000 in FY2018, largely attributed to the amortisation of the convertible note issued during the Company's pre-IPO fundraising.

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In view of the abovementioned, the net loss attributable to owners of the Target Companies increased by approximately S\$2,241,000 or 70.3% from S\$3,189,000 in FY2017 to a net loss attributable to owners of the Target Companies of S\$5,430,000 in FY2018. As at 31 December 2018, the Target Companies had aggregate unabsorbed tax losses of approximately S\$12,400,000 available for offsetting against future tax income.

FY2018 vs FY2019

The Target Companies' combined revenue increased by approximately S\$3,279,000 or 25.3% from S\$12,982,000 in FY2018 to S\$16,261,000 in FY2019, mainly due to the (i) steady growth in e-commerce sales in the Singapore market and growing traction in the Malaysia e-commerce segment, as a consequence of higher demand from online consumers for its brand partners' products, and (ii) increase in the number of brand partners to over 280 brands, with the onboarding of notable brands including global sporting goods giant – Amer Sports, global beauty care giant – Henkel, Asia's biggest celebrity food brand – Chef Nic and Japanese multinational beauty brand – KOSÉ. During FY2019, the E-Commerce Business also expanded its operations in the Philippines, Vietnam and Thailand (the "**Regional Expansion**"). As a result, the revenue derived from the e-commerce segment grew by approximately S\$3,348,000 or 27.8% to S\$15,378,000 in FY2019, whereas the e-logistics segment shrunk by S\$69,000 or 7.3% to approximately S\$883,000 in FY2019. In FY2019, the e-commerce and logistics segment accounted for approximately 94.6% and 5.4% of the total sales of the E-Commerce Business respectively, of which the e-commerce segment had gained further traction by 1.9 percentage point and was in line with the percentage point drop in revenue contribution by the e-logistics segment.

Gross profit increased by approximately S\$1,305,000 or 51.7% from S\$2,524,000 in FY2018 to S\$3,829,000 in FY2019 in tandem with the increase in revenue. Gross profit margin also improved by 4.1 percentage points from approximately 19.4% in FY2018 to 23.5% in FY2019 mainly due to higher contributions of margins from the e-commerce segment.

There was no material change to other operating income for FY2019 as compared to FY2018.

The Target Companies recorded a consolidated loss before tax of approximately S\$8,497,000 in FY2019 vis-à-vis a loss before tax of approximately S\$5,430,000 in FY2018 mainly due to (A) an increase in administrative expenses of approximately S\$3,064,000 in FY2019 mainly due to the growth of the E-Commerce Business and the Regional Expansion, which led to an increase in (i) staff costs amounting to approximately S\$1,832,000, warehouse handling expenses by approximately S\$497,000 and (iii) marketing expenses by approximately S\$298,000; (B) an increase in other operating expenses of approximately S\$1,184,000 as a result of inventories written off, provision for stock obsolescence for damaged and expired goods, and an allowance for doubtful debt; and (C) an increase in distribution costs of approximately S\$281,000 or 36.6% as a result of higher sales turnover volume.

As a result of the above the net loss attributable to owners of the Target Companies increased by approximately S\$3,067,000 or 56.5% from S\$5,430,000 in FY2018 to a net loss attributable to owners of the Target Companies of S\$8,497,000 in FY2019. As at 31 December 2019, the Target Companies had aggregate unabsorbed tax losses of approximately S\$20,500,000 available for offsetting against future tax income.

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1H2019 vs 1H2020

The overall revenue of the E-Commerce Business increased by approximately S\$30,288,000 or 419.2%, from S\$7,226,000 in 1H2019 to S\$37,514,000 in 1H2020. This increase in revenue was mainly driven by the increase in the e-commerce segment, which saw an increase in revenue of approximately S\$29,767,000 or 435.3%. This was attributable to (A) a one-off surge in demand for COVID-19 related products such as masks, sanitisers, toilet rolls and thermometers from trade customers which was completed in May 2020 (the “**One-off Demand**”); and (B) increased e-commerce activities by consumers as a result of the COVID-19 pandemic situation and the stay at home measures implemented during the circuit breaker (“**CB**”) period imposed by the Singapore government. While sales of the e-commerce segment are expected to continue growing, driven by a shift from brick-and-mortar retail channels to online platforms as a result of the COVID-19 pandemic, the Directors having discussed with Management, are of the view that the impact on the E-Commerce Business moving forward will not be as significant as that in 1H2020 in view of the One-off Demand, and that revenue from the e-commerce segment will normalise over the next few months. In line with the increase in sales from the e-commerce business segment, the e-logistics business segment recorded a growth of 134.3% or S\$521,000 from S\$388,000 in 1H2019 to S\$909,000 in 1H2020.

In line with the increase in revenue, gross profit had also surged by approximately S\$11,005,000 or 611.4%, from S\$1,800,000 in 1H2019 to S\$12,805,000 in 1H2020. Gross profit margin also improved by 9.2 percentage points from approximately 24.9% in 1H2019 to 34.1% in 1H2020, mainly due to (i) the improved product mix in the e-commerce segment with higher profit margins; and (ii) target incentives earned by the E-Commerce Business as a result of achieving the revenue targets set by the respective brand partners.

As a result of the above-mentioned, as well as an increase in other operating income of approximately S\$275,000 or 376.7% mainly due to the increase in government grants received under the Jobs Support Scheme implemented by the Singapore government during the CB period, the Target Companies recorded a consolidated profit before tax of approximately S\$4,786,000 in 1H2020 vis-à-vis a loss before tax of S\$2,995,000 in 1H2019. This was slightly offset by (i) an increase in administrative expenses of approximately S\$2,457,000 or 57.2% to S\$6,756,000 in 1H2020, mainly as a result of the expansion of the E-Commerce Business in Southeast Asia which resulted in an increase in staff costs of approximately S\$1,220,000, warehouse handling and supplies expenses of approximately S\$827,000 and relevant IT and support fees of approximately S\$132,000; (ii) distribution costs of approximately S\$826,000 or 162.6% to S\$1,334,000 in 1H2020, mainly due to the One-off Demand and increase in e-commerce activity; and (iii) other operating expenses of approximately S\$213,000 or 349.2% to S\$274,000 in 1H2020 as a result of allowance for inventory obsolescence and receivables and foreign exchange losses.

Accordingly, the Target Companies recorded a net profit attributable before tax of approximately S\$4,786,000 in 1H2020, as compared to a net loss attributable to owners of the Target Companies of approximately S\$2,982,000 in 1H2019. No tax expenses were recognised as the E-Commerce Business has sufficient unutilised losses from previous financial years to offset against the profit generated.

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Statement of financial position

Current assets: As at 30 June 2020, current assets amounted to approximately S\$19,896,000, representing approximately 95.3% of the total assets of the Target Companies. The current assets mainly comprised (i) cash and cash equivalents of approximately S\$8,348,000, (ii) trade receivables of approximately S\$6,589,000; (iii) inventories of approximately S\$2,335,000; and (iv) other receivables of approximately S\$1,651,000; and (v) intercompany non-trade receivables of S\$973,000.

Current liabilities: As at 30 June 2020, current liabilities amounted to approximately S\$30,177,000, representing approximately 99.9% of the total liabilities of the Target Companies. The current liabilities mainly comprised (i) intercompany non-trade payables of approximately S\$17,646,000; (ii) trade payables of approximately S\$6,379,000; (iii) other payables of approximately S\$6,050,000; and (iv) lease liabilities of S\$102,000.

Non-current assets: As at 30 June 2020, non-current assets amounted to approximately S\$986,000, representing approximately 4.7% of the total assets of the Target Companies. The non-current assets mainly comprised (i) intangible assets of approximately S\$671,000; (ii) property, plant and equipment of approximately S\$187,000; and (iii) right-of-use assets of approximately S\$128,000.

Non-current liabilities: As at 30 June 2020, non-current liabilities amounted to approximately S\$29,000, representing approximately 0.1% of the total liabilities of the Target Companies. The non-current liabilities consisted solely of long-term lease liabilities.

Working capital: The Target Companies had historically recorded a positive working capital position of approximately S\$2,201,000 as at 31 December 2017. We note that the consolidated working capital position of the Target Companies had subsequently declined to a negative position of approximately S\$6,303,000 and S\$15,007,000 as at 31 December 2018 and 31 December 2019 respectively, and then improved by approximately S\$4,726,000 to a negative position of S\$10,281,000 as at 30 June 2020. We note that there are intercompany receivables/payables held by the Target Companies amounting to an aggregate of approximately S\$16,673,000 as at 30 June 2020 (the “**Intercompany Items**”), which we understand from Management will be capitalised, repaid and/or waived prior to Closing. Assuming that the Intercompany Payables were cleared as at 30 June 2020, the Target Companies would have recorded a positive working capital position of approximately S\$6,392,000 as at 30 June 2020 instead.

Consolidated cash flow statement

The Target Companies recorded net cash generated from/(used in) operating activities of approximately S\$(345,000), S\$(2,263,000) and S\$371,000 during FY2017, FY2018 and FY2019 respectively. For 1H2019 and 1H2020, the net cash generated from/(used in) operating activities are approximately S\$(194,000) and S\$7,818,000 respectively. The net cash generated by operating activities of approximately S\$7,818,000 in 1H2020 was primarily due to the operating cash flows before movements in working capital of S\$5,064,000 and an increase in trade and other payables of approximately S\$6,890,000, which was partially offset by the increase in trade and other receivables of approximately S\$3,839,000 and increase in inventories of approximately S\$297,000.

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Taking into account (a) the cash and cash equivalents at the beginning of the period of approximately S\$828,000; and (b) the net increase in cash and cash equivalents of approximately \$7,521,000, the Target Companies' cash and cash equivalents as at 30 June 2020 stand at approximately S\$8,349,000.

5.4 Assessment of the Consideration

For the purpose of assessing the Consideration, we have considered the following factors:

5.4.1 NAV and NTA of the Target Companies

The NTA of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests, all liabilities and intangible assets of the group. The NTA approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders. Therefore, the NTA of a group are perceived as providing support for the value of the shareholders' equity.

Notwithstanding the foregoing, Shareholders should note that the analysis based on the NTA of the Target Companies provides an estimate of the value of the Target Companies based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NTA that can be realised.

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A summary of the financial position of the Target Companies as at 30 June 2020 is set out below:

(S\$'000)	Unaudited As at 30 June 2020
<u>Non-current assets</u>	
Property, plant and equipment	187
Intangible assets	671
Right-of-use assets	128
Total non-current assets	986
<u>Current assets</u>	
Cash and cash equivalents ¹	8,348
Trade receivables	6,589
Other receivables	1,651
Inventories	2,335
Intercompany non-trade receivables	973
Total current assets	19,896
Total assets	20,882
<u>Non-current liabilities</u>	
Long-term lease liabilities	29
Total non-current liabilities	29
<u>Current liabilities</u>	
Trade payables	6,379
Other payables	6,050
Lease liabilities	102
Intercompany non-trade payables	17,646
Total current liabilities	30,177
Total liabilities	30,206
Share capital	8,119
Translation reserve	(3)
Other reserves	(7)
Accumulated losses	(17,433)
Non-controlling interest	–
Total equity	(9,324)
Equity attributable to owners of the Target Companies (“NAV”)	(9,324)
NTA	(9,995)
Excess of Consideration to NAV	71,003
Excess of Consideration to NTA	71,674

Source: Unaudited consolidated management accounts of the Target Companies for 1H2020

Note:

- (1) Includes any pledged fixed deposits and bank overdrafts, of which there was approximately S\$150,000 of restricted cash in relation to a banker's guarantee of the same amount as at 30 June 2020.

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The Target Companies recorded a consolidated negative working capital position of S\$10,281,000 and negative NAV and NTA of approximately S\$9,324,000 and S\$9,995,000 respectively as at 30 June 2020. With reference to the table above on the summary of the consolidated unaudited financial position of the Target Companies, we note that the Consideration represents an excess of approximately S\$71,003,000 and S\$71,674,000 to the negative NAV and NTA of the Target Companies respectively as at 30 June 2020.

As mentioned above, we understand from Management that the Intercompany Items will be repaid and/or waived prior to Closing. The Intercompany Items comprise approximately (i) S\$973,000 of intercompany receivables and (ii) S\$17,646,000 of intercompany non-trade payables and accruals. Had the Intercompany Items been excluded, assuming that they are repaid and/or waived as at 30 June 2020, we note that the theoretical adjusted NAV and NTA would be positive amounting to approximately S\$7,349,000 and S\$6,678,000 respectively as at 30 June 2020. Solely for illustration purposes, we note that the excess of the Consideration to the adjusted NAV and NTA would be approximately S\$54,330,000 and S\$55,001,000 respectively instead.

In our evaluation of the Proposed Disposal, we have also considered whether there are any other assets which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Target Companies as at 30 June 2020 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Target Companies that are likely to impact the NAV and NTA of the Target Companies as at 30 June 2020.

In respect of the above, the Directors have also confirmed, to the best of their knowledge and belief as at the Latest Practicable Date, that:

- (i) there are no material differences between the realisable values of the Target Companies' assets and their respective book values as at 30 June 2020 which would have material impact on the unaudited consolidated NAV and NTA of the Target Companies;
- (ii) they are not aware of any circumstances which may cause the unaudited consolidated NAV and NTA as at the Latest Practicable Date to be materially different from that recorded in the unaudited consolidated balance sheet of the Target Companies as at 30 June 2020
- (iii) there are no other contingent liabilities, bad or doubtful debts, impairment losses or material events which would likely have a material impact on the unaudited consolidated NAV and NTA of the Target Companies as at the Latest Practicable Date;
- (iv) there are no litigation, claim or proceedings pending or threatened against the Company or the Target Companies or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Target Companies;
- (v) there are no intangible assets and which ought to be disclosed in the unaudited consolidated statement of financial position of the Target Companies in accordance with the Singapore Financial Reporting Standards and/or the Singapore Financial Reporting Standards (International) and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Target Companies; and

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- (vi) there are no material acquisitions or disposals of assets by the Target Companies between 30 June 2020 and the Latest Practicable Date and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Target Companies' material assets or material change in the nature of the Target Companies' business.

5.4.2 Volume-weighted average price

We have also compared the Effective Consideration Price against the VWAP of the Shares from 29 July 2019 (being the one (1) year period prior to and including 29 July 2020 (the “**Last Trading Day**”), being the last full market day on which the Shares were last traded on the SGX-ST immediately prior to the request for trading halt by the Company on 30 July 2020), and leading up to the Latest Practicable Date as set out in the table below.

	VWAP ⁽¹⁾ (S\$)	Premium/ (Discount) to VWAP (%)	Highest Price (S\$)	Lowest Price (S\$)	Average Daily Trading Volume ⁽²⁾	Average Daily Trading Volume as a percentage of free float ⁽³⁾
Periods prior to the last market day prior to the Trading Halt						
1-year	0.150	34.0	0.210	0.076	9,789,686	11.26%
6-months	0.157	28.0	0.210	0.076	12,811,384	14.73%
3-months	0.164	22.6	0.210	0.102	22,600,268	25.99%
1-month	0.189	6.3	0.210	0.177	22,491,877	25.86%
Last Trading Day ⁽⁴⁾	0.190	5.8	0.193	0.187	17,875,900	20.56%
Periods after the release of the Announcement and up to the Latest Practicable Date						
After the Announcement Date and up to the Latest Practicable Date	0.203	(1.0)	0.225	0.187	14,530,081	16.71%
Last transacted price on the Latest Practicable Date	0.215	(6.5)	0.220	0.215	13,256,400	15.24%

Source: Thomson Reuters Eikon

Notes:

1. The VWAP has been weighted based on the average traded prices and traded volumes of the Shares for the relevant trading days for each of the above periods.
2. The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days over the same period.
3. Free float refers to approximately 87.0 million Shares or 28.43% of the issued share capital of the Company held by the public (as defined in the Listing Manual) as at the Latest Practicable Date as obtained from Thomson Reuters Eikon.
4. The last transacted price of the Shares on the Last Trading Day was S\$0.189 per Share. On the Last Trading Day, the highest intra-day traded price was S\$0.193 and the lowest intra-day traded price was S\$0.187.

Based on the above, we note the following:

- (a) during the 1-year period prior to and including the Last Trading Day, the closing prices of the Shares ranged between a low of S\$0.076 and a high of S\$0.210. The Effective Consideration Price represents a premium of approximately 164.5% to the lowest closing price and a discount of 4.3% to the highest closing price of the Shares respectively over the 1-year period prior to and including the Last Trading Day;

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- (b) the Effective Consideration Price represents a premium of approximately 34.0%, 28.0%, 22.6% and 6.3% to the 1-year, 6-month, 3-month and 1-month VWAP of the Shares respectively;
- (c) the Effective Consideration Price represents a premium of approximately 6.3% and 5.8% to the closing price of the Shares and the VWAP of the Shares of S\$0.189 on the Last Trading Day respectively;
- (d) After the release of the Announcement and up to the Latest Practicable Date, the Effective Consideration Price represents a slight discount of approximately 1.0% to the VWAP of the Shares of S\$0.203; and
- (e) the Effective Consideration Price represents a discount of approximately 6.5% to the last transacted price of the Shares of S\$0.215 as at the Latest Practicable Date.

Shareholders should note that there is no assurance that the market prices of the Shares will be maintained at the prevailing level as at the Latest Practicable Date, and that the past trading performance of the Shares should not, in any way, be relied upon as an indication or a promise of its future trading performance.

5.4.3 Valuation ratios of selected companies listed on the SGX-ST which are broadly comparable to the E-Commerce Business

We note the E-Commerce Business comprises the e-commerce and e-logistics business segments as reported by the Group under SFRS(I) 8 operating segments. Accordingly, we have considered selected companies listed on the regional securities exchanges in Southeast Asia, in particular the countries of Singapore, Malaysia, Vietnam, Philippines and Thailand (collectively, the “**Selected Markets**”) where the E-Commerce Business has expanded operations into based on the annual report of the Company for FY2019, and which are primarily engaged in the broadly comparable businesses of either providing e-commerce/e-logistics services and/or digital marketing services. However, we note that there appears to be no such companies which may be deemed to be broadly comparable to the E-Commerce Business and are listed in the Selected Markets, save for Singapore.

For the purpose of our evaluation of the Consideration, we have made reference to the valuation ratios of the following selected companies listed on the SGX-ST that the Company considers to be broadly comparable to the E-Commerce Business based on the aforementioned criteria (“**Comparable Companies**”), to get an indication of the current market expectations with regard to the perceived valuation of the E-Commerce Business.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company which we may consider to be identical to the E-Commerce Business in terms of, *inter alia*, geographical markets, composition of business activities, scale of the business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Non-Interested Directors should note that any comparison made with respect to the Comparable Companies merely serve to provide an illustrative perceived market valuation of E-Commerce Business as at the Latest Practicable Date.

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A brief description of the Comparable Companies is as follows:

Comparable companies	Stock exchange	Business description	Financial year ended
Shopper360 Ltd. ("Shopper360")	SGX-Catalist	Shopper360 is an investment holding company engaged in advertising and marketing business. The Company provides shopper marketing services for the retail and consumer goods industries in Malaysia. The Company's business segment include in-store advertising and digital marketing, field force management and sampling activities and events management. The in-store advertising and digital marketing segment operates through its subsidiary, Pos Ad is engaged the in providing in-store advertising services to brand owners of consumer products (Brand Owners) for hypermarkets, supermarkets, pharmacies and convenience chain stores. Force management segment operates through its subsidiary, Jump Retail is engaged in providing recruitment and management of merchandisers, visual merchandisers and field representatives. Sampling activities and events management segment operates through its subsidiary, Tristar Synergy is engaged in providing sampling management services.	31 May 2020
Y Ventures Group Ltd ("Y Ventures")	SGX-Catalist	Y Ventures Group Ltd is a Singapore-based data analytics, e-commerce retailer and distributor. The Company is engaged in online retail data analytics, marketing, distribution and sale of a range of merchandises under third party brands and Company's label. The Company offers its products in a range of categories, including books publishing, home and decor and fast-moving consumer goods (FMCG). Book publishing includes medical text book, professional text book and assessment books. Home and decor includes wall clock, coffee dipper and serving trays. FMCG includes coffee capsules, bath accessories and skin care products. The Company distributes a range of product under third party brands through online marketplaces. The Company also sells OEM merchandises of home and decor products.	31 December 2019

Source: Thomson Reuters Eikon, respective Comparable Companies' websites and annual reports

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In our evaluation, we have considered the following widely used valuation measures:

Valuation ratios	General description
Price to sales ("P/Sales") ratio	<p>P/Sales ratio or sales multiple is the ratio of a company's market capitalisation divided by the revenue for the trailing 12 months ("TTM").</p> <p>The P/Sales ratio illustrates the ratio of the market capitalisation of an entity's business in relation to its sales generated. The P/Sales is an alternative to the other evaluation metrics (as described below) and can be meaningful to the extent that it is able to evaluate companies that are showing temporary negative earnings.</p> <p>We have considered the P/Sales ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date and their TTM sales, as provided in their full year audited financial results and/or the interim unaudited financial results.</p>
Price-earnings ("P/E") ratio	<p>P/E ratio or earnings multiple is the ratio of a company's market capitalisation divided by the TTM net profit attributable to shareholders.</p> <p>The P/E ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses.</p> <p>The P/E ratio illustrates the ratio of the market capitalisation of a company in relation to the historical consolidated full-year net profit attributable to its shareholders (as the case may be). As such, it is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.</p> <p>We have considered the P/E ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date and their TTM net earnings per share.</p>
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation ("EV/EBITDA") ratio	<p>EV refers to enterprise value which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>EBITDA refers to the historical consolidated TTM earnings before interest, taxes, depreciation and amortisation of a company.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the P/E ratio (described above) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p> <p>We have considered the EV/EBITDA ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date, latest-available balance sheet values and TTM EBITDA.</p>

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Valuation ratios	General description
Price-to-net asset value (“P/NAV”) ratio	<p>NAV refers to consolidated net asset value, which is the total assets of a company less total liabilities.</p> <p>P/NAV refers to the ratio of a company’s share price divided by NAV per share.</p> <p>The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p>

The valuation ratios of the Comparable Companies based on their respective last traded share prices as at the Latest Practicable Date are set out below:

Comparable Companies	Market capitalisation (S\$ million)	P/Sales ⁽¹⁾ (times)	P/E ⁽²⁾ (times)	EV/ EBITDA ⁽³⁾ (times)	P/NAV ⁽⁴⁾ (times)
Shopper360 ⁽⁵⁾	11.1	0.20	11.02	1.17	0.63
Y Ventures ⁽⁶⁾	20.4	0.50	n.a. ⁽⁷⁾	n.a. ⁽⁸⁾	4.19
Max		0.50	11.02	1.17	4.19
Min		0.20	11.02	1.17	0.63
Mean		0.35	11.02	1.17	2.41
Median		0.35	11.02	1.17	2.41
Company (implied by the Consideration)	61.7⁽⁹⁾	1.33	n.a.⁽¹⁰⁾	n.a.⁽¹⁰⁾	n.a.⁽¹¹⁾

Source: Thomson Reuters Eikon, annual reports and announcements on SGXNET of the respective Comparable Companies and NCF calculations

Notes:

- (1) P/Sales ratio is calculated based on the TTM sales as extracted from the latest available audited full year and/or the unaudited interim financial statements of the respective Comparable Companies, as the case may be.
- (2) P/E ratio is calculated based on the TTM earnings as extracted from the latest available audited full year and/or the unaudited interim financial statements of the respective Comparable Companies, as the case may be.
- (3) EV/EBITDA ratio is calculated on a TTM basis based on the latest available audited full year financial statements and/or the unaudited interim financial statements of the respective Comparable Companies, as the case may be.
- (4) P/NAV ratio is calculated based on the NAV as extracted from the latest available audited full year or unaudited interim financial statements of the respective Comparable Companies, as the case may be.

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- (5) Shopper360's functional currency is reported in Malaysian Ringgit ("MYR"). As such, the applicable exchange rate used is based on the average rates for the respective financial periods as extracted from Thomson Reuters Eikon.
- (6) Y Ventures' functional currency is reported in United States Dollars ("USD"). As such, the applicable exchange rates used are based on the average rates for the respective financial periods as extracted from Thomson Reuters Eikon.
- (7) Denotes "not applicable" as Y Ventures had recorded TTM net losses attributable to owners of the company.
- (8) Denotes "not applicable" as Y Ventures had recorded negative TTM EBITDA.
- (9) Based on the Consideration.
- (10) Denotes "not applicable" as the Target Companies had recorded a consolidated negative EBITDA and net losses attributable to equity holders of the Target Companies based on the TTM earnings ended 30 June 2020.
- (11) Denotes "not applicable" as the Target Companies had recorded a negative NAV as at 30 June 2020.

Based on the above, we observe that:

- (a) the P/Sales ratio of the Target Companies of 1.33 times (as implied by the Consideration) is higher than the maximum P/Sales ratio of the Comparable Companies;
- (b) the Target Companies had recorded a consolidated TTM net loss after tax, hence the P/E ratio of the Company (as implied by the Consideration) would not be applicable. While we have included the P/E ratios of the Comparable Companies for illustrative purposes, we note that it would not be meaningful to make a comparison with the range of P/E ratios of the Comparable Companies given that there is only one (1) value of comparison, that being the P/E ratio of Shopper360 which is 11.02 times;
- (c) the Target Companies had recorded a consolidated negative TTM EBITDA, hence the EV/EBITDA ratio of the Company (as implied by the Consideration) would not be applicable. While we have included the EV/EBITDA ratios of the Comparable Companies for illustrative purposes, we note that it would not be meaningful to make a comparison with the range of EV/EBITDA ratios of the Comparable Companies given that there is only one (1) value of comparison, that being the EV/EBITDA ratio of Shopper360 which is 1.17 times; and
- (d) the Target Companies had recorded a negative consolidated NAV as at 30 June 2020, hence the P/NAV ratio of the Target Companies (as implied by the Consideration) would not be applicable.

5.5 Financial effects of the Interested Person Transactions

The financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2019 and are set out in Section 13 of the Circular. Shareholders are advised to read the information carefully, including the bases and assumptions set out therein.

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NTA per Share

The Interested Person Transactions will have the following impact on the NTA and the NTA per Share of the Group as at 31 December 2019, assuming that the Proposed Disposal and the Proposed Assignment had been completed on 31 December 2019.

	Before the Interested Person Transactions	After the Interested Person Transactions
NTA as at 31 December 2019 (S\$'000)	1,708	60,322 ⁽³⁾
NTA per Share ⁽¹⁾⁽²⁾ (cents)	0.65	22.78

Notes:

- (1) NTA per share is computed based on the Group's audited net tangible asset value as at 31 December 2019.
- (2) Calculated based on 264,766,689 Shares (excluding treasury Shares).
- (3) Subsequent to the release of the Announcement, adjustments and reclassifications were made to merger reserve, other reserves and investment in subsidiaries leading to differences in the figures as set out in the Circular and the Announcement.

We note that the NTA per Share would increase from approximately 0.65 cents as at 31 December 2019 to 22.78 cents after completion of the Interested Person Transactions.

Loss per Share ("LPS")/Earnings per Share ("EPS")

The Interested Person Transactions will have the following impact on the LPS/EPS of the Group for FY2019, assuming that the Proposed Disposal and the Proposed Assignment were completed on 1 January 2019:

	Before the Interested Person Transactions	After the Interested Person Transactions
Net (loss)/profit attributable to owners of the Company (S\$'000)	(8,449) ⁽²⁾	49,597 ⁽³⁾
(LPS)/EPS ⁽¹⁾ (cents)	(3.21)	18.83 ⁽³⁾

Notes:

- (1) Calculation of EPS/(LPS) was based on the weighted average number of shares, being 263,342,595 Shares, adjusted to take into account the issuance of shares during FY2019.
- (2) The difference in the figure as set out in this Circular and the Announcement is due to rounding.
- (3) Subsequent to the release of the Announcement, adjustments and reclassifications were made to merger reserve, other reserves and investment in subsidiaries leading to differences in the figures as set out in this Circular and the Announcement.

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We note that the Group's earnings would improve from an LPS position of approximately 3.21 cents for FY2019 to an EPS position of 18.83 cents after the Interested Person Transactions.

Gain from the Proposed Disposal

We note that the Proposed Disposal is expected to result in an estimated net gain of approximately S\$58,046,000.

Shareholders should note that the above analysis has been prepared solely for illustrative purposes only and does not purport to be indicative or a projection of the results and financial position of the Company and the Group after the completion of the Interested Person Transactions.

6. EVALUATION OF THE PROPOSED ASSIGNMENT

In our evaluation of the Proposed Assignment, we have considered the following factors which we consider to be pertinent and have a significant bearing on our assessment:

- (i) the rationale for the Proposed Assignment and satisfaction of the Promissory Note Amount; and
- (ii) the reasonableness of the Interest Rate.

6.1 Rationale for the Proposed Assignment and satisfaction of the Promissory Note Amount

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Assignment. Nevertheless, we have reviewed the rationale for, among others, the Proposed Assignment as set out in Section 5 of the Circular, the full text of which has been reproduced in italics in paragraph 5.1 of this Letter.

We note that part of the Consideration to be paid to the Company for the sale of the E-Commerce Business amounting to S\$9,357,203.18 is to be satisfied by the assignment of the Promissory Note by the Purchaser to the Company. Accordingly, the Proposed Assignment is made pursuant to the terms of the SPA in relation to the Proposed Disposal.

The Promissory Note Amount and the interest payable thereon will be set-off against Metadrome's entitlement ("**Entitlement**") as a Shareholder in relation to the Proposed Special Dividend and Proposed Cash Distribution pursuant to the Proposed Capital Reduction (the "**Set-off Arrangement**"). As at the Latest Practicable Date, Metadrome holds a direct interest in 71,373,669 Shares representing approximately 23.33% of the Shares Outstanding. Based on the Net Distributable Amount on a per Share basis of approximately S\$0.1914, we note that Metadrome's Entitlement would be approximately S\$13,660,920 (the "**Entitlement Amount**"). Based on the Interest Rate and the expected repayment duration of two (2) months from Closing, the interest payable thereon as pro-rated for two (2) months is expected to be approximately S\$5,000 (the "**Interest Amount**").

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On this basis, we note that the Entitlement Amount exceeds the combined Promissory Note Amount and the Interest Amount. Upon completion of the Set-off Arrangement, Metadrome will still be entitled to a net amount of approximately S\$4,298,920.25⁶ to the Proposed Special Dividend and Proposed Cash Distribution pursuant to the Proposed Capital Reduction.

6.2 Reasonableness of the Interest Rate

For the purpose of evaluating the reasonableness of the Interest Rate, we have considered the following factors:

6.2.1 Comparable fixed deposit rates offered by other banks in Singapore

For the purpose of our evaluation of the Interest Rate, we have made reference to rates offered by other banks in Singapore (“**Selected Banks**”) for holding dollar time/fixed deposits of at least S\$500,000 and up to S\$1,000,000, and for a similar tenure as the expected repayment duration of the Promissory Note of two (2) months from Closing, which we understand is the estimated duration that the Company envisages to undertake and complete the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction following Closing.

Selected Banks ⁽¹⁾	Dollar time/fixed deposit rates	
	1 Month (%)	3 Months (%)
Citibank	0.05	0.08
Development Bank of Singapore (DBS)	0.05	0.05
Hong Leong Finance	0.15	0.30
The Hongkong and Shanghai Banking Corporation (HSBC)	0.05	0.10
Industrial and Commercial Bank of China (ICBC) ⁽²⁾	0.25	0.35
Oversea-Chinese Banking Corporation (OCBC)	0.05	0.10
Standard Chartered ⁽²⁾	0.05	0.10
United Overseas Bank (UOB)	0.05	0.10
Max	0.25	0.35
Min	0.05	0.05
Mean	0.09	0.15
Median	0.05	0.10

Notes:

- (1) The dollar time/deposit rates offered by the Selected Banks were extracted from the respective websites of the Selected Banks as at the Latest Practicable Date.
- (2) Both ICBC and Standard Chartered did not indicate a limit on the amount of the dollar time/fixed deposits which their respective rates are applicable to.

Based on the above, we observe that:

6 Due to rounding differences.

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- (a) the Interest Rate is higher than the maximum dollar time/fixed deposit rates of the Selected Banks for a one-month tenure; and
- (b) the Interest Rate is within the range of the dollar time/fixed deposit rates of the Selected Banks for a three-month tenure and higher than the mean and median rates of 0.15% and 0.10% respectively.

We wish to highlight that the list of Selected Banks is by no means exhaustive and information relating to the Selected Banks was compiled from publicly available information. Accordingly, the Non-Interested Directors should note that the above comparison merely serves as a general guide to provide an indication of the relevant comparable interest rates offered by the Selected Banks, which represents the theoretical opportunity cost to the Company as a result of the repayment of the Promissory Note Amount at a later date. Any comparison of the terms of the Interest Rate with that offered by the Selected Banks is for illustration purposes only and should not be conclusively relied upon.

6.3 Provision of loans by the Company to other companies within the Group

As set out in paragraph 5.4.1 of this Letter, we note that the Company has extended shareholder's loans to certain of the Target Companies which are part of the Intercompany Items. We understand from Management that all such shareholders' loans are non-interest bearing, save for a loan to Synagie (Vietnam) Company Limited ("**Synagie Vietnam**") amounting to approximately USD330,000 or S\$456,000, which bears an interest rate of 6% per annum.

Notwithstanding, we understand that the shareholders' loans to certain of the Target Companies, including the loan to Synagie Vietnam, will be capitalised, repaid and/or waived prior to Closing. In relation, we further understand that the loan granted to Synagie Vietnam was for working capital purposes commencing in June 2019. While we note that interest rate in respect of the loan to Synagie Vietnam is higher than the Interest Rate, the Non-Interested Directors should note that the circumstances and terms relating to the loan to Synagie Vietnam are unique and might not be identical to the Promissory Note, especially since the Promissory Note Amount is intended to be set-off against Metadrome's Entitlement under the Set-off Arrangement as detailed in paragraph 6.1 of this Letter above. Consequently, the Non-Interested Directors should note that the above reference is merely for illustrative purposes only.

Save for the above, we understand from Management that as at the Latest Practicable Date, there are no other loans made to other companies within the Group or any third parties.

7 OTHER RELEVANT CONSIDERATIONS

7.1 Inter-conditionality of the Proposed Transactions

Shareholders should note that approval of the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution, and the Proposed Change of Name are each a condition precedent to Closing. In view of this, in the event that either of the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution, and the Proposed Change of Name is not passed by Independent Shareholders, the Proposed Disposal will not proceed.

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Shareholders should also note that Ordinary Resolutions 1 to 3 relating to the (i) Proposed Disposal, (ii) Proposed Assignment and (iii) Proposed Special Dividend, as well as Special Resolutions 1 and 2 relating to the (i) Proposed Capital Reduction and Proposed Cash Distribution and (ii) Proposed Change of Name are inter-conditional. Accordingly, in the event that any of these Ordinary Resolutions and the Special Resolution is not passed, the other Ordinary Resolutions and/or Special Resolution (as the case may be) will be deemed not to have been passed and all the Proposed Transactions will not proceed.

7.2 Impact of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution

Financial effects of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution

The financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2019 and are set out in Section 13.2 of the Circular. Shareholders are advised to read the information carefully, including the bases and assumptions set out therein.

(a) NTA per Share

The Proposed Special Dividend and Proposed Capital Reduction will have the following impact on the NTA and the NTA per Share of the Group as at 31 December 2019, assuming that the Proposed Special Dividend and Proposed Capital Reduction had been completed on 31 December 2019. Please refer to paragraph 5.5 of this Letter for details of the impact of the Interested Person Transactions on the NTA and the NTA per Share of the Group as at 31 December 2019

	After the Interested Person Transactions and before the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution	After the Interested Person Transactions and after the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution⁽²⁾
NTA as at 31 December 2019 (S\$'000)	60,322	1,774
NTA per Share ⁽¹⁾ (cents)	22.78	0.67

Notes:

- (1) NTA per share is computed based on the Group's audited net tangible asset value as at 31 December 2019 and adjusted for the impact of the Interested Person Transactions.
- (2) The amount to be distributed to Shareholders pursuant to the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction were computed based on the total number of issued Shares of 305,895,908 as at the Latest Practicable Date.

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We note that the NTA per Share attributable to equity holders of the Company would decrease from approximately 22.78 cents as at 31 December 2019 to 0.67 cents after completion of the Proposed Special Dividend and the Proposed Capital Reduction, assuming that the Interested Person Transactions had been completed.

LPS/EPS

The Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution will not have an impact on the LPS/EPS of the Company.

Shareholders should note that the above analysis has been prepared solely for illustrative purposes only and does not purport to be indicative or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution.

Dividend track record of the Company

We have also considered the historical dividend record of the Shares prior to the Announcement Date. We note that neither of the Company nor its subsidiaries have declared or paid any dividends since their incorporation. Accordingly, the Net Distributable Amount which is equivalent to approximately S\$0.1914 per Share based on the Shares Outstanding represents a dividend yield of approximately 130.2% and 147.2% based on the six-month average Share price of S\$0.147 for the period from 28 March 2020 up to the Latest Practicable Date, and the twelve-month average Share price of S\$0.130 for the period from 28 August 2019 up to the Latest Practicable Date.

We wish to highlight that the above dividend analysis of the Company serves only as an illustrative guide and is not an indication of the Company's future dividend policy. There is no assurance that the Company will continue to pay dividends in future and/or maintain that level of dividend paid in past periods.

The Directors have also confirmed that the Company does not have a formal dividend policy and that the form, frequency and amount of dividends on the Shares that the Directors may recommend or declare in respect of any particular financial year or period are subject to factors including, but not limited to, the Group's profit growth, cash position, projected capital requirements for business growth and other factors that the Directors may deem appropriate.

The Non-Interested Directors should note that the above analysis ignores any potential capital gain or capital loss that may accrue to the Shareholders arising from their investment in the Shares due to market fluctuations in the price of the Shares during the relevant corresponding periods in respect of which the above dividend yields were analysed. In addition, no views are being expressed with regard to the future dividend policy of the Company and the Company does not have a fixed or formal dividend policy. As such, the quantum of dividends (if any) paid by the Company in any period would depend on various factors including but not limited to the financial performance of the Company, its working capital and capital expenditure needs as well as other considerations.

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7.3 Contribution of the E-Commerce Business and the Insurtech Business to the Group

E-Commerce Business

Based on the audited financial statements and unaudited financial statements of the Group for the financial year ended 31 December 2020 and half year ended 30 June 2020 respectively, as well as the unaudited consolidated management accounts of the Target Companies for FY2019 and 1H2020, we note that:

- (a) the share of loss from the E-Commerce Business represented approximately 99.5% of the Group's audited loss before income tax for FY2019;
- (b) the unaudited profit before income tax of the E-Commerce Business reported for the half year ended 30 June 2020 of approximately S\$4,786,000 exceeded that of the Group which amounted to approximately S\$4,084,000. Accordingly, we note that the improved performance of the Group for 1H2020 was entirely due to the contribution of the E-Commerce Business as the remaining Insurtech Business had recorded a decrease in revenue and accordingly a loss before tax during the same period; and
- (c) the unaudited negative NAV and negative NTA attributed to the E-Commerce Business of approximately S\$9,324,000 and S\$9,995,000 respectively as at 30 June 2020 is below the Group's unaudited NAV and NTA of approximately S\$8,866,000 and S\$6,080,000 respectively as at 30 June 2020.

Based on the above, we note that the E-Commerce Business is a core business and key contributor to the Group's financial performance. As set out in paragraph 5.3 of this Letter, the E-Commerce Business has been loss-making for the past three (3) financial years, which has led to the Group having recorded a net loss after tax attributable to owners of the Company for the corresponding periods due to significant capital resources required for the operations and growth plans of the E-Commerce Business.

While the Group had recorded its first net profit after income tax for the six months ended 30 June 2020, which was solely drive by the exponential growth in revenue and net profit after tax of the E-Commerce Business for 1H2020, we note that this was mainly driven by the One-off Demand. The Directors, having discussed with Management, are of the opinion that while sales of the E-Commerce Business are expected to continue growing, the impact will not be as significant as that in 1H2020 in view of the One-off Demand, and revenue from the E-Commerce Business will normalise over the next few months. On this basis, Shareholders should note that there is no assurance that the E-Commerce Business will remain profitable in the future.

In view of (a) the challenges and market risks in the e-commerce and e-commerce enabler and logistics industry as set out in Section 5(b) of the Circular; (b) the E-Commerce Business being expected to continue to be loss-making had the non-recurring business-to-buisness orders for COVID-19 related purchases been excluded for 1H2020; and (c) significant capital resources which are required to maintain E-Commerce Business's competitive advantage in brand support, regional presence and technology development, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution will allow Shareholders to immediately realise the value of their investments without any further exposure to market risks in the e-commerce and e-commerce enabler and logistics business.

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Insurtech Business

Following Closing, the Company will continue to own the Insurtech Business that is carried on by Synagie Pte. Ltd. and its subsidiaries. We note that the Insurtech Business was only acquired during FY2018, and had recorded revenue of approximately S\$3,069,000, S\$3,101,000, S\$1,776,000 and S\$800,000 for FY2018, FY2019, 1H2019 and 1H2020. The Insurtech Business had also recorded a profit before income tax of approximately S\$202,000 in FY2018, but subsequently recorded a loss before income tax of approximately S\$510,000, S\$81,000 and S\$309,000 in FY2019, 1H2019 and 1H2020 respectively. As disclosed in the Company's unaudited financial statements for 1H2020 (the **"1H2020 Results"**), the decline in revenue of the Insurtech Business segment of approximately S\$976,000 or 55.0% of the Group's total revenue for 1H2020 was due to a decrease in demand from Insurtech's customers as well as a decrease in end consumer sales during the COVID-19 period.

Notwithstanding the historical financial performance of the Insurtech Business set out above, we understand that the Company is positive about the growth and prospects of the Insurtech Business moving ahead, and also intends to explore and pursue opportunities to acquire sustainable and viable businesses to grow the business of the Group and maximise returns for Shareholders following Closing. While it is not within our terms of reference to comment or express an opinion on the future prospects of the Insurtech Business, we have considered and extracted the following statements made by the Company in, among others, previous announcements in relation to the insurtech market and the Insurtech Business.

Unaudited financial statements for FY2018

"In FY2018, the Group consolidated contributions from its Insurtech business, which is synergistic to its core E-Commerce business. Leveraging on the Group's technology platform and ecosystem, the Group is looking to expand its Insurtech business by extending existing offerings and new products to our brand partners, channel partners and end consumers. The global Insurtech market is expected to grow at a 2018-2023 CAGR of 16.0% to US\$1,119.8 million. There is currently considerable room for SE Asia's insurance penetration rate to grow towards the global average of 6.1%. According to UBS report 'Shifting Asia', Asia is one of the most underpenetrated insurance markets in the world. Emerging Asia held 43.0% of the world's population and accounted for 13.0% of the insurance premiums in 2016.

In 2017, SE Asia's life insurance premiums penetration (premiums as a share of GDP) still falls short of the global average (2.7% versus 3.3%) and non-life insurance premiums accounted for just 0.9% of GDP, about a third of the global average (2.8%).

Barring unforeseen circumstances, the Group remains optimistic for the financial year ending 31 December 2019."

Unaudited financial statements for 1H2019

"The Group is also looking to expand its Insurtech business by extending existing offerings and new products to its brand partners, channel partners and end consumers. The global Insurtech market is expected to grow at a CAGR of 41.0% (US\$15.63 billion) from 2019 to 2023. There is currently considerable room for SE Asia's insurance penetration rate to grow towards the global average of 6.1%."

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1H2020 Results

“The global Insurtech market is expected to grow at a CAGR of 41.0% (US\$15.6 billion) from 2020 to 2023. While the Group saw some near-term impact to its Insurtech business during the COVID-19 period, with a slowdown in renewal of contracts by customers, the long-term outlook for the industry remains positive especially as the world moves to increased digitalisation post-COVID-19. For example, in June 2020, the Singapore government announced that all secondary school students will get a personal laptop or tablet for learning by 2021, seven years ahead of original target. With more than eight years of experience in providing third party administration for extended warranty and accidental damage protection services as well as after sales support and call center support for customers, in the computer, consumer electronics, and communication sectors, the Group’s Insurtech subsidiary is looking to explore opportunities to assist in the warranty and repair services for the consumer electronics sector both in the public as well as private sectors.”

Please also refer to Section 5 of the Circular for more details on the rationale for the Proposed Disposal, including but not limited to, the mitigation of market risks associated with the E-Commerce Business pursuant to the Proposed Disposal as well as the opportunity to focus on the growth of the Insurtech Business and explore other business opportunities.

7.4 Guarantee by Metadrome and priority of recovery

We note that under the terms of the SPA, Metadrome has agreed to guarantee the performance and observance by the Company of, inter alia, all its warranties (save in respect of any fundamental warranties), the specific indemnities and the tax indemnity under the SPA. Please refer to Section 3.8 of the Circular for more details of the guarantee.

Subject to the limitations of liability of the Company and Metadrome, in the event of a claim arising under the SPA by the Purchaser, the parties have agreed that the Purchaser shall seek recovery in the order as set out in Section 3.9 of the Circular.

7.5 Support from certain Substantial Shareholders in respect of the Proposed Transactions, including the Interested Person Transactions

As a demonstration of their support in respect of the Proposed Transactions, including the Interested Person Transactions, the following Substantial Shareholders, Agate Investments Ltd, Harmony Treasure Holdings Ltd and Tai Lai Fun Cindy, which respectively hold approximately 11.42%, 7.15% and 4.87%, and amounting to an aggregate of 23.44% of the Shares Outstanding as at the Latest Practicable Date, have undertaken to vote in favour of the Proposed Transactions and not to sell, transfer or otherwise dispose such Shares until the conclusion of the EGM.

7.6 Abstention from voting

We note that, as set out in Section 15 of the Circular, Metadrome, Clement, Zanetta, and Olive will abstain, and will ensure that their respective Associates will abstain, from voting on the ordinary resolution relating to the Proposed Disposal, and will not accept appointments as proxies unless specific instructions as to voting are given, in relation to the Proposed Disposal.

APPENDIX A – IFA LETTER

Clement and Metadrome will abstain, and will ensure that their respective Associates (including Zanetta who is the sibling of Clement) will abstain, from voting on the ordinary resolution relating to the Proposed Assignment, and will not accept appointments as proxies unless specific instructions as to voting are given, in relation to the Proposed Assignment.

7.7 No alternative offers from third parties

As at the Latest Practicable Date, the Directors have confirmed that they are not aware of any other firm/formal offer or proposal from any third party to purchase or indicating interest in the E-Commerce Business, other than the Purchaser.

8. OPINION

In arriving at our opinion in respect of the Interested Person Transactions, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (a) the rationale for the Proposed Disposal and the use of the proceeds from the Proposed Disposal for, among others, (i) satisfying claims which may arise under the SPA (if any); (ii) amounts for working capital and tax-related expenses; (iii) the costs and expenses arising from the Proposed Transactions and any other fees, costs and expenses which may be payable; and (iv) the Net Distributable Amount for the purpose of the Proposed Special Dividend and the Proposed Cash Distribution pursuant to the Proposed Capital Reduction;
- (b) the Independent Valuation conducted by the Independent Valuer;
- (c) the historical financial performance of the Target Companies;
- (d) our assessment of the Consideration as follows:
 - (i) the Consideration represents an excess of approximately S\$71,003,000 and S\$71,674,000 to the negative NAV and NTA of the Target Companies respectively as at 30 June 2020;
 - (ii) the Effective Consideration Price represents a premium of approximately 34.0%, 28.0%, 22.6%, 6.3%, 6.3% and 5.8% to the 1-year, 6-month, 3-month and 1-month VWAP of the Shares, as well as the last transacted price and the VWAP of the Shares on the Last Trading Day respectively;
 - (iii) the Effective Consideration Price represents a discount of approximately 1.0% to the VWAP of the Shares after the release of the Announcement and up to the Latest Practicable Date. The Effective Consideration Price was also at a discount of approximately 6.5% to the closing price of the Shares of S\$0.215 on the Latest Practicable Date;
 - (iv) in comparison with the Comparable Companies:
 - (i) the P/Sales ratio of the Target Companies of 1.33 times (as implied by the Consideration) is higher than the maximum P/Sales ratio of the Comparable Companies;

APPENDIX A – IFA LETTER

- (ii) the Target Companies had recorded a consolidated TTM net loss after tax, hence the P/E ratio of the Company (as implied by the Consideration) would not be applicable;
 - (iii) the Target Companies had recorded a consolidated negative TTM EBITDA, hence the EV/EBITDA ratio of the Company (as implied by the Consideration) would not be applicable; and
 - (iv) the Target Companies had recorded a negative consolidated NAV as at 30 June 2020, hence the P/NAV ratio of the Target Companies (as implied by the Consideration) would not be applicable;
- (e) the financial effects of the Interested Person Transactions;
- (f) the rationale for the Proposed Assignment and satisfaction of the Promissory Note Amount;
- (g) our assessment of the reasonableness of the Interest Rate in comparison with the Selected Banks as follows:
 - (i) the Interest Rate is higher than the maximum dollar time/fixed deposit rates of the Selected Banks for a one-month tenure; and
 - (ii) the Interest Rate is within the range of the dollar time/fixed deposit rates of the Selected Banks for a three-month tenure and higher than the mean and median rates of 0.15% and 0.10% respectively; and
- (h) other relevant considerations as set out in paragraph 7 of this Letter, namely (i) the inter-conditionality of the Proposed Transactions; (ii) the impact of the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution; (iii) the contribution of the E-Commerce Business and the Insurtech Business to the Group; (iv) the guarantee by Metadrome and priority of recovery under the terms of the SPA; (v) support from certain Substantial Shareholders in respect of the Proposed Transactions, including the Interested Person Transactions; (vi) abstention from voting on the ordinary resolutions relating to the Proposed Disposal and the Proposed Assignment at the EGM by Metadrome, Clement, Zanetta, Olive and their respective Associates; and (vii) no alternative offers from third parties.

Having regard to the considerations set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal and the Proposed Assignment are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, we would advise the Non-Interested Directors to recommend that the Independent Shareholders vote in favour of the Proposed Disposal and the Proposed Assignment at the EGM.

The Non-Interested Directors should also note that transactions in the Shares are subject to possible market fluctuations and accordingly, our opinion on the Proposed Disposal and the Proposed Assignment does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

APPENDIX A – IFA LETTER

This Letter is addressed to the Non-Interested Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Disposal and the Proposed Assignment only. The recommendation made by the Non-Interested Directors to the Independent Shareholders in relation to the Proposed Disposal and the Proposed Assignment shall remain the sole responsibility of the Non-Interested Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NCF in each specific case except for the EGM and the purpose of the Proposed Disposal and the Proposed Assignment. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly,

For and on behalf of
Novus Corporate Finance Pte. Ltd.

Andrew Leo
Chief Executive Officer

Melvin Teo
Associate Director

APPENDIX B – SUMMARY OF VALUATION REPORT

Strictly Confidential – For Addressee Only



Valuation of 100% equity interest in the capital of the
Target Group (as defined herein)

Prepared for
Synagie Corporation Ltd

Report Date
28 August 2020

Ref: 20/RY-AN/BV000123-2

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



Executive Summary

Valuation of 100% equity interest in the capital of the Target Group (as defined herein)

Date of Valuation:	30 June 2020
Purpose:	Public disclosure purpose
Situation:	<p>Synagie Corporation Ltd. ("Synagie", the "Company", or collectively with its subsidiaries, the "Group") is the leading e-commerce solutions provider in Southeast Asia. Established since 2014, Synagie helps its partners, which include small and medium enterprises ("SMEs") and multi-national corporations ("MNCs") to execute their e-commerce strategies by selling their goods or services to consumers online and providing one-stop services and integrated technology to manage their multi-channel e-commerce operations. The end-to-end e-commerce enablement and fulfilment solutions are achieved through Synagie's cloud-based platform which leverages on technology such as Cloud Computing, Big Data analytics and Artificial Intelligence.</p> <p>The Company is considering to undertake certain corporate action in relation to 100% equity interest of the Target Group (as defined herein) ("Proposed Corporate Action"). The Target Group is the e-commerce business segment of the Company which includes the following entities:</p> <ul style="list-style-type: none">• BTFL Pte. Ltd.;• Synagie Sdn. Bhd.;• Synagie (Vietnam) Company Ltd;• Synagie (Thailand) Ltd;• Synagie Inc.;• Synagie Hong Kong Limited; and• PT Synagie eCommerce Indonesia <p>The Target Group is expected to expand into Indonesia in third quarter of the year 2020 ("Q32020") to increase its presence in South East Asia.</p> <p>As a result of the Proposed Corporate Action, we have been requested to perform a valuation of 100% equity interest in the capital of the Target Group as at 30 June 2020 ("Valuation Date").</p>
Subject Matter:	100% equity interest in the capital of Target Group
Basis of Valuation:	Market Value

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



Valuation of 100% equity interest in the capital of the Target Group (as defined herein)

Other Details:

We wish to highlight that any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The outbreak of the Novel Coronavirus ("COVID-19"), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

The market that the Target Group is valued in is being impacted by the uncertainty that COVID-19 outbreak has caused. Market conditions are changing daily at present. This valuation is current at the Valuation Date only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer (as defined herein) could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.

Having regard to the foregoing and the market conditions as at the Valuation Date, we are of the opinion that the Market Value of 100% equity interest in the capital of the Target Group as at Valuation Date, subject to the assumptions stated herein, is in the region of:-

S\$34.0 million to S\$39.5 million

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



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A Valuation Report

To: Synagie Corporation Ltd
Subject Matter: 100% equity interest in the capital of Target Group
Report Date: 28 August 2020
Valuation Date: 30 June 2020

1. Introduction and Instructions

Appointment

In accordance with your instructions, we have assessed and ascertained the Market Value of 100% equity interest in the capital of the Target Group. We are pleased to submit our summarised valuation report ("Report"), which has been prepared for public disclosure purpose to seek shareholders' approval pursuant to the Proposed Corporate Action and should be read in conjunction with the full valuation report dated 28 August 2020 ("Full Report").

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Full Report.

2. Terms of reference

Cushman & Wakefield VHS Pte Ltd ("C&W" or "Valuer") has been appointed to undertake an independent valuation of 100% equity interest in the capital of Target Group. We were neither a party to the negotiations entered into by the Company and its subsidiaries (the "Group") in relation to the Proposed Corporate Action nor were we involved in the deliberation leading up to the decision on the part of the management of the Group, Company and/or Target Group (the "Management") to enter into the Proposed Corporate Action and we do not, by the Report or Full Report or otherwise, advise or form any judgement on the merits of the Proposed Corporate Action. We do not warrant the merits of the Proposed Corporate Action or the acceptability of the risk for the Proposed Corporate Action.

We have confined our evaluation strictly and solely on the financial of the Target Group and have not taken into account the commercial/financial risks and/or merits (if any) of the Proposed Corporate Action or the strategic merits or the comparison with other deals involving shares of the Group, Company, Target and/or Target Group. We were not required to comment on or evaluate the methods or procedures used by the Target Group to manage the change in any risk profile of the Group, Company and/or Target Group in the context of possible changes in the nature of operations. Such evaluation or comment remains the responsibility of the Management although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in the Report or the Full Report.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Proposed Corporate Action. In addition, we do

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



not express any views or opinion on the merits of the Proposed Corporate Action, the legality or any other and all other matters pertaining to the Proposed Corporate Action, documents for the Proposed Corporate Action (the notice of meeting and the accompanying explanatory notes), *inter alia*, the independence of any party or mechanism or process of voting, acceptance, its eligibility or validity or the other alternatives (if any) or the sufficiency of information.

In the course of our evaluation, we have held discussions with, *inter alia*, the Management, regarding their assessment of the Proposed Corporate Action and have examined publicly available information collated by us as well as the financial information, both written and verbal, provided to us by the Management, including its consultants or advisers (where applicable). We have not independently verified such information but have made enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or the manner in which it has been classified or presented.

We do not warrant and have not commented on the acceptability of the risk that the Group, Company and/or Target Group may be subject to for the Proposed Corporate Action.

We were not required to and have not made any independent evaluation or appraisal of the individual assets and liabilities (including without limitation, real property) of the Target Group. Our opinion in this Report is based on economic conditions, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as at the Valuation Date. Accordingly, the bases or assumptions and likewise our views or opinion may change in light of developments which *inter alia*, includes general as well as company specific or industry specific conditions or sentiments or factors.

Shareholders should note that the evaluation is based solely on publicly available information and other information provided by the Management as well as the economic and market conditions prevailing as at the Valuation Date, and therefore does not reflect unexpected financial performance and financial condition after the Valuation Date or developments both macro and company specific and that these factors do and will necessarily affect the valuation of the interests in the capital of the Target Group. Likewise, this Report outlines some of the matters or bases or factors or assumptions which we have used in our valuation and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in the valuation.

In rendering the opinion, we have made no regard for the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual shareholder of the Group, Company and/or Target Group (the "Shareholder"). As such, any individual Shareholder who may require advice in the context of his or her specific investment portfolio, including his or her investment in the Group, Company, Target and/or Target Group, should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Report and provided by the Group, Company and/or Target Group which we

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



used or may have used may differ from the relative emphasis accorded by any individual Shareholder and that any reliance on our opinion or view or assessment, is subject to the contents of the Report and the Full Report in its entirety.

Accordingly, our Report, Full Report or opinion or views or recommendation should not be used or relied by anyone for any other purposes and should only be used by the Management, subject to the terms of reference and the contents of the Report and Full Report as one of the basis for their opinion or views or recommendation. In addition, any references to our Full Report or Report or opinion or views, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of the Report or the Full Report in its entirety *inter alia* the matters, conditions, assumptions, factors and bases as well as our terms of reference for the Full Report or the Report.

3. Bases of Valuation

The valuation and Report have been prepared in accordance with International Valuation Standards.

Bases

The subject matter has been valued on the basis of Market Value as at the Valuation Date which is defined as follows:

"The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

4. Assumptions and Reservations

Assumptions

In preparing our assessment, we have made the following key assumptions in our valuation and these apply throughout unless otherwise stated:

- The financial information provided accurately reflects the Target Group's financial and operating position and performance.
- The financial statements were prepared in accordance with accounting principles generally accepted internationally on a true and fair basis.
- The Management has provided us the financial projections from 1 July 2020 to 31 December 2020 ("FPDec2020") to financial year ended 31 December ("FY") 2024 and concurred with assumptions used in the financial projections from FY2025 to FY2029. To its best knowledge, the Management is solely responsible for the contents, estimation and the assumptions used in the projections.
- The Target Group shall continue to operate as a going concern and it has sufficient liquidity to achieve the financial forecasts and projections.

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



- There will not be any material changes in the political and/or economic conditions under which the Target Group operates that may adversely affect the future prospects of the Target Group.
- There are no other liabilities, including any contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of the Target Group.
- The current owners of the Target Group have clear and unencumbered title of ownership over all assets included in this assessment.
- There are no material changes in existing political, legal or regulatory (including changes in legislation, laws, regulations, government policies or rules), fiscal, market or economic conditions in the Target Group's countries of operations.
- There will be no material change in inflation, interest rates or exchange rates from those prevailing as at the Valuation Date.
- There will be no material changes in the bases or rates of taxation or duties.
- The Target Group's operations and business will not be severely interrupted by any force majeure event or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Management, including but not limited to the occurrence of natural disasters or catastrophes, epidemics or serious accidents.

Other assumptions specific to a particular valuation approach or certain observations and conclusions are outlined in the ensuing sections of the Report.

It should be noted that the valuation of the Target Group critical upon the following key value drivers:

- The Target Group continues to operate as a going concern and is able to meet all its financial obligations.
- The Target Group's sales, costs, and net profit continue to grow according to the forecast. Their capital expenditure and working capital requirements are estimated accurately in the projections;
- The Target Group has sufficient operational resources to support the projected turnover and profitability;
- The Target Group continues to maintain costs in accordance with the forecast;

Any deviation from the above key drivers and forecasts may significantly vary the valuation of the Target Group.

The valuation is largely based on information provided to us by the Management who are solely responsible for their contents/accuracy. We have not performed any work in the nature of an audit or due diligence or investigation of the information provided to us and accordingly have not expressed any such opinion in this Report. Further, we have not carried out any work in the nature of a feasibility study, nor have we expressed a viability opinion on the Proposed Corporate Action. We have also not verified or confirmed information provided to us and have assumed that all such information is accurate and is not subject to material error or omission.

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



For this exercise, we have considered published market data and other public information relating to the comparable companies on international stock exchanges. We are not responsible as to their content and accuracy in deriving parameters such as country risk rate for purposes of valuation. Such information was obtained from Bloomberg and other sources, where applicable.

Reservations

The value conclusions reflect all information known by the valuers of C&W who worked on the valuation in respect of the equity interest in the capital of the Target Group, market conditions and available data.

5. General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a lessee, or another valuer. Historically, it has been considered that valuers may properly conclude within a range of possible values.

Market Value of the subject matter can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change.

The outbreak of the COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

The market that the Target Group is valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.

We have no present or prospective interest in the Target Group and are not a related corporation of nor do we have a relationship with the owner(s) or other party/parties whom the client is contracting with.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the Group, Company and/or Target Group the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of assets. Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



6. Valuation Methodology

We have adopted Income Approach as our primary approach and Market Approach as reference.

The rationale for adopting Income Approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. Given that the business of the Target Group's operations had been established for several years, we considered the use of Income Approach as the primary approach to be appropriate.

Under Market Approach, we have considered EV/S multiple in the valuation. Based on our analysis, the volatilities from the multiples of comparable companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. Further, the Target Group is still at its growth stage and the current earnings are not normalised. Thus, Market Approach is used as reference.

The Cost Approach is not adopted because it does not directly incorporate information about the future economic benefits contributed by the Target Group, business or business interest.

Accordingly, we have relied solely on Income Approach in assessing the equity value of the Target Group and the Market Approach as a reference.

Income Approach - Discounted Cash Flow Analysis

Discounted Cash Flow ("DCF") Method is one application of Income Approach. We have used free cash flow to firm ("FCFF") to assess the overall enterprise value of the companies. FCFF represents the cash flows left over after covering capital expenditure and working capital needs. The present value of FCFF is a measure of enterprise value and the equity value is subsequently derived after taking into consideration debt, excess cash and cash equivalents as well as non operating assets/liabilities. FCFF is defined as follows:

$$FCFF = EBIT (1 - Tax\ rate) + Depreciation\ and\ Amortization - Capital\ Spending - Change\ in\ Working\ Capital$$

In applying the DCF method there are three critical inputs:

- A supportable cash flow forecasts;
- An estimate of the terminal value at the end of the forecast period; and
- An appropriate discount rate by which to revert the cash flows to present value.

The assumptions used in the DCF analysis are set out in the following sections.

Financial projections

We were provided with financial projections from FPDDec2020 to FY2024, which form the basis of the DCF analysis. As the expected earnings generated in FY2024 is not at its normalised stage, the financial projections were extended to FY2029. Based on discussion with

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



Management, the key assumptions used for the financial projections from FY2025 to FY2029 are as follows:

- Revenue growth rate is assumed to gradually decrease to about 2% in FY2029 on a straight-line basis with reference to the expected long term global GDP growth rate;
- EBITDA margin is assumed to gradually decrease to about 3% in FY2029 on a straight-line basis with reference to the comparable companies;
- The projected depreciation over revenue is assumed to be at 1.4% per annum of the revenue based on the depreciation as a percentage of revenue indicated during the period FY2021 to FY2024;
- The projected capital expenditure is assumed to be at 1.4% per annum of the revenue with reference to the comparable companies; and
- Other assumptions are held similar to FY2024.

Based on the above-mentioned assumptions, the expected FCFF of the Target Group from FPDDec2020 to FY2029 is as follows:-

SGD'000, unless otherwise specified	Forecast					Working for terminal value				
	FPDec20	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Revenue	13,930	84,515	121,677	170,564	268,458	392,795	531,203	659,530	745,790	760,705
EBIT	(3,054)	(994)	2,895	7,857	19,225	23,476	25,904	24,907	19,961	11,992
Less: Tax expenses	-	-	-	(1,336)	(3,268)	(3,991)	(4,404)	(4,234)	(3,393)	(2,039)
Add: Depreciation and amortisation	196	1,512	2,009	2,692	3,595	5,592	7,562	9,389	10,617	10,830
Less: Capital expenditure	(965)	(2,626)	(1,592)	(1,948)	(2,711)	(5,631)	(7,615)	(9,455)	(10,692)	(10,906)
Less: Net working capital changes	(11,169)	1,572	(39)	1,793	4,445	64	68	69	56	26
FCFF	(14,992)	(536)	3,273	9,058	21,286	19,510	21,516	20,676	16,549	9,903

Capital expenditure: Based on discussion with Management, the capital expenditure is expected to range from S\$1.0 million per annum to S\$10.9 million per annum between FPDDec2020 to FY2029 which is mainly for business expansion and investment in technology & data analytics.

Net working capital changes: Based on discussion with Management, it is expected that the inventories, trade receivables and trade payables will change in line with the projected change in cost of sales and revenue (as the case may be). The underlying net working capital assumptions are set out as follows:-

- Inventories turnover days: 30 to 53 days
- Trade receivables turnover days: 20 to 68 days
- Trade payables turnover days: 60 to 89 days

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



Terminal value

To estimate the terminal value of Target Group at the end of the projection period in FY2029, we have used the Gordon Growth Model. This model is used to assess terminal value of firms that are growing at a stable growth rate and relates the value to its expected cash flow in the next time period, the required rate of return and the expected long term growth rate.

$$\text{Terminal value} = CF_{n+1} / (r - g)$$

Where	CF_{n+1}	=	expected cash flow one year from n -th year
	r	=	required rate of return, i.e. discount rate
	g	=	growth rate in perpetuity

We have assumed that the earnings of the Target Group would reach a stable perpetual growth rate of 2% after FY2029 based on the expected long term global GDP growth rate.

Discount rate

Income Approach requires the application of an appropriate discount rate that reflects the inherent risks relating to the cash flows. The present value of the cash flows from Target Group is the expected future net cash flows discounted by an appropriate discount rate. We have adopted Weighted Average Cost of Capital ("WACC") ranging from 17.5% to 19.5%.

Debt & non-operating payables and excess cash & other surplus

In order to arrive at 100% equity value of the Target Group from the enterprise value, the existing debt & non-operating payables are subtracted and excess cash & other surplus are added. As at the Valuation Date, the Target Group had approximately S\$17.7 million of debt & non-operating payables, which S\$17.6 million of the non-operating payables is expected to be capitalized prior to the completion of the Proposed Corporate Action. Further, the Target Group had S\$6.5 million of excess cash & other surplus.

Adjustment for private company discount (marketability discount)

According to the International Glossary of Business Valuation Terms, marketability means the relative ease and promptness with which a security or commodity may be sold when desired, at a representative current price, without material concession in price merely because of the necessity of the sale. Investors will price in a discount for the additional costs and risks of liquidation when valuing equity in privately held companies. We applied a marketability discount of approximately 30% for the purpose of this valuation with reference to the historical empirical studies including but not limited to Maher Study, Trout Study, Management Planning, Inc. Study and Columbia Financial Study.

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



Market Value of 100% equity interest in the capital of the Target Group

Based on the DCF method, the derived 100% enterprise value of Target Group ranges from S\$42.3 million to S\$50.1 million as at Valuation Date. The equity value of 100% equity interest in the capital of the Target Group is then derived by taking enterprise value, subtracting debt & non-operating payables, adding excess cash & other surplus and applying the marketability discount. As at the Valuation Date, the Target Group has adjusted net debt & non-operating payables of S\$0.1 million and excess cash & other surplus of S\$6.5 million. A marketability discount of 30% is applied to reflect the private status of Target Group.

As such, based on DCF Method, the Market Value of 100% equity interest in the capital of Target Group as at the Valuation Date ranges from S\$34.0 million to S\$39.5 million.

7. Valuation Result

Having regard to the foregoing, we are of the opinion that the Market Value of the 100% equity interest in the capital of the Target Group as at Valuation Date, subject to the assumption stated herein, is in the region of: -

S\$34.0 million to S\$39.5 million

The following table illustrates the results of the valuation based on Market Approach, which are purely for reference purposes only and do not reflect Market Value of 100% equity interest in the capital of the Target Group as at Valuation Date.

SGD (million), unless otherwise stated	
Market Approach	S\$14.1 million to S\$54.4 million

8. Confidentiality

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

9. Disclosure and Publication

You must not disclose the contents of the Report and/or Full Report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or the Report and/or Full Report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any special assumptions or departures that we have made.

10. Limiting Conditions

This Report is prepared subject to the Limiting Conditions in Appendix 1 of the Report.

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



11. Valuer's Credential

The valuation is performed by Richard Yap who is a senior corporate advisory executive with more than 10 years of experience in M&A, valuation of business, financial instruments and intangible assets and has worked extensively throughout Asia Pacific. He has demonstrable success across Valuations, Advisory and Capital Markets. Currently based in Singapore, Richard leads the Business Valuation team for C&W throughout Singapore and South East Asia. Richard is a Chartered Financial Analyst (CFA), Chartered Accountant (CA Singapore) as well as Chartered Valuer and Appraiser (CVA).

Signed for and on behalf of C&W.

Richard Yap

CFA, CA (Singapore), CVA

Director

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



Appendix 1 Limiting Conditions

The Report and/or Full Report is prepared subject to the following terms and conditions: -

- 1) The Report and/or Full Report is:
 - a. restricted to the use by the client to whom the Report and/or Full Report is addressed;
 - b. for the specific purpose stated therein; and
 - c. for the sole purpose for which it was commissioned.

Any reliance on its contents shall be made within a reasonable time from Valuation Date. We disclaim any liability arising from any reliance on the Report and/or Full Report by any other person or for any other purpose or beyond a reasonable time.
- 2) Neither the whole nor any part of the Report and/or Full Report or any reference to it may be included in any document, circular, statement, correspondence nor publication in any way without our prior written approval of the form and context in which it may appear. We bear no responsibility for any unauthorised inclusion or publication.
- 3) Where it is stated in the Report and/or Full Report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so. Where information is given without being attributed directly to another party, it shall be taken that this information has been obtained by our own search of records and examination of documents, or by our enquiry from Government or quasi-Government departments.
- 4) The values assessed in the Report and/or Full Report for the subject property and any allocation of values between parts of the property apply strictly on the terms of and for the purpose of this valuation (where applicable). The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.
- 5) While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects (where applicable). We have also not made any test on the building services such as air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc. and the services are presumed to be in good working order (where applicable).
- 6) Our valuation assumes that the title(s) is (are) in good order and are marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments (where applicable). We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s) (where applicable).
- 7) Any plans that are included in the Report and/or Full Report are meant for identification purposes and to assist the client in visualising the subject property (where applicable). The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any survey of the property and assume no responsibility in connection with such matters (where applicable).
- 8) We have not taken into account of any plant and machinery in our valuation.
- 9) We have not made any requisition for the Road Line Plan or for drainage proposal (where applicable). We have also not made any application for information/document in respect of

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



- Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client (where applicable).
- 10) As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazette for acquisition (where applicable).
 - 11) Our valuation assumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations (where applicable).
 - 12) Our valuation assumes that all development charges and maintenance/ service/ conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid (where applicable).
 - 13) Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property (ies) (where applicable).
 - 14) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services in respect of:
 - a) any direct loss of profit;
 - b) any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.
 - 15) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of our services.
 - 16) Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.
 - 17) Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our services to you (where applicable).
 - 18) Subject to the provisions in these terms and conditions and in the letter of engagement, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services shall be limited to (i) an aggregate sum not exceeding the fee paid for each instruction accepted; or (ii) SGD500,000.00, whichever is lower.
 - 19) We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



- 20) Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.
- 21) Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address the Report and/or Full Report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.
- These fees are exclusive of GST & expenses (including the cost of re-addressing the Report and/or Full Report) and are subject to a minimum fee of SGD1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.
- 22) Where we consent to reliance on the Report and/or Full Report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.
- 23) Where you provide a copy of and/or permit another party or parties to rely upon the Report and/or Full Report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report and/or Full Report by any such unauthorised person or entity.
- 24) Save where we have consented to another party or other parties relying on the Report and/or Full Report in accordance with clauses 21 and 22, where the Report and/or Full Report is prepared or where we consent to the Report and/or Full Report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the Report and/or Full Report.
- 25) Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy (where applicable).
- 26) Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value (where applicable).
- 27) The Report and/or Full Report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of the Report and/or Full Report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

APPENDIX B – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target Group



28)

- a) The U.S. Foreign Corrupt Practices Act (the "FCPA") and other laws make it unlawful for us or anyone acting on our behalf to offer, pay, promise or authorize to pay any money, gift or anything of value directly or indirectly to any Public Official with the intent of causing the Public Official to misuse such official's position to obtain or retain business for us or our subsidiaries or affiliates. The term Public Official is broadly defined to include not only traditional government officials and those employed by government agencies, departments, or ministries but also employees of companies which are owned or controlled by the state. The U.K. Bribery Act and other laws also prohibit commercial bribery of any kind.
- b) We comply with all applicable anti-bribery and corruption laws, rules, and regulations of the United States, European Union or any member state and any other similar laws in all applicable jurisdictions, including but not limited to the FCPA and U.K. Bribery Act ("Applicable Anti-Bribery Laws and Rules").
- c) You acknowledge and confirm your understanding of and agree to comply with all applicable Anti-Bribery Laws and Rules and agree not to take or fail to take any action that might in any way cause us to be in violation of such laws.
- d) We must at all times comply with all U.S. sanctions administered by the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury or under any statute, executive order (including, but not limited to, the September 24, 2001, Executive Order 13224 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other governmental action and any applicable international laws and regulations pertaining to the detection, prevention and reporting of potential money laundering and terrorist financing activities (collectively "Applicable Sanctions/AML Rules").
- e) You represent and warrant to us that you, and all persons and entities owning (directly or indirectly) an ownership interest in you: (i) are not, and will not become, a person or entity with whom a party is restricted from doing business under Applicable Sanctions/AML Rules; and (ii) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in Clause 28 (e) (i) above.
- f) In the event that we believe in good faith, and whether or not we have conducted an investigation, that you have acted in a way that may subject us to liability under Applicable Anti-Bribery Laws and Rules or you (including all persons and entities owning (directly or indirectly) an ownership interest in you) become a Target Group of Applicable Sanctions/AML Rules, we shall have the unilateral right, exercisable immediately upon written notice, to terminate this agreement and shall be entitled to receive payment of the service fees for services rendered pursuant to this agreement together with any and all reasonable additional costs incurred due to such early termination.

NOTICE OF EXTRAORDINARY GENERAL MEETING

SYNAGIE CORPORATION LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201717972D)

NOTICE OF EXTRAORDINARY GENERAL MEETING

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL <http://investor.synagie.com/financial-information/>. **A printed copy of this Notice will NOT be despatched to members.**

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of Synagie Corporation Ltd. (the “**Company**”) will be held by way of electronic means on 28 September 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the Ordinary Resolutions and Special Resolutions set out below.

All capitalised terms used in this Notice which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the circular to shareholders of the Company dated 4 September 2020.

Shareholders should note that each of the resolutions relating to the Proposed Transactions are inter-conditional. This means that if any of the resolutions set out in this Notice of EGM for the Proposed Transactions is not passed, none of the resolutions will be carried.

ORDINARY RESOLUTION 1

THE PROPOSED DISPOSAL OF THE ENTIRE E-COMMERCE, E-COMMERCE ENABLER AND LOGISTICS BUSINESS OF THE GROUP

THAT subject to and contingent upon the passing of Ordinary Resolutions 2 and 3 and Special Resolutions 1 and 2 set out herein:—

- (a) approval be and is hereby given for the Proposed Disposal, on the terms and subject to the conditions set out in the SPA, including as an interested person transaction pursuant to Chapter 9 of the Catalist Rules, a major transaction pursuant to Chapter 10 of the Catalist Rules, and as a disposal of substantially the whole of the Company's undertaking or property pursuant to Section 160 of the Companies Act; and
- (b) any of the Directors be and is hereby authorised to complete and to do all acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this Ordinary Resolution and/or the Proposed Disposal (including any amendment to the SPA, execution of any other agreements or documents and procurement of third party consents).

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 2

THE PROPOSED ASSIGNMENT OF THE PROMISSORY NOTE

THAT subject to and contingent upon the passing of Ordinary Resolutions 1 and 3 and Special Resolutions 1 and 2 set out herein:–

- (a) approval be and is hereby given for the Proposed Assignment, on the terms and subject to the conditions set out in the SPA and the Promissory Note, including as an interested person transaction pursuant to Chapter 9 of the Catalyst Rules, and as a loan to a company in which a Director is interested in 20% or more of the total voting power pursuant to Section 163(1) of the Companies Act; and
- (b) any of the Directors be and is hereby authorised to complete and to do all acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this Ordinary Resolution and/or the Proposed Assignment (including the execution of any agreements or documents and procurement of third party consents).

ORDINARY RESOLUTION 3

THE PROPOSED SPECIAL DIVIDEND

THAT subject to and contingent upon the passing of Ordinary Resolutions 1 and 2 and Special Resolutions 1 and 2 set out herein, and the completion of the Proposed Disposal:–

- (a) approval be and is hereby given for a one-tier tax-exempt special cash dividend of S\$0.1028 for each Share held by Shareholders (the “**Proposed Special Dividend**”) to be declared and distributed to Shareholders in cash on such date as the Directors in their discretion shall determine; and
- (b) any of the Directors be and is hereby authorised to complete and to do all acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this Ordinary Resolution and/or the Proposed Special Dividend (including the execution of any agreements or documents and procurement of third party consents).

SPECIAL RESOLUTION 1

THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED CASH DISTRIBUTION

THAT pursuant to Section 78G read with Section 78I of the Companies Act and Regulation 69 of the Constitution of the Company and subject to the confirmation of the High Court of the Republic of Singapore, and subject to and contingent upon the passing of Ordinary Resolutions 1, 2 and 3 and Special Resolution 2 set out herein, and the completion of the Proposed Disposal:–

- (a) approval be and is hereby given for the issued and paid-up share capital of the Company to be reduced by a sum of approximately S\$27,102,000 (the “**Proposed Capital Reduction**”), and that such reduction be effected by returning to Shareholders approximately S\$0.0886 in cash for each issued Share (the “**Proposed Cash Distribution**”) held by a Shareholder as at a record date as the Directors in their discretion shall determine; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) any of the Directors be and is hereby authorised to complete and to do all acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this Special Resolution, the Proposed Capital Reduction and/or the Proposed Cash Distribution (including the execution of any agreements or documents and procurement of third party consents).

SPECIAL RESOLUTION 2

THE PROPOSED CHANGE OF NAME

THAT subject to and contingent upon the passing of Ordinary Resolutions 1, 2 and 3 and Special Resolution 1 set out herein, and completion of the Proposed Disposal:–

- (a) approval be and is hereby given for name of the Company to be changed to “V2Y Corporation Ltd.” and the name “Synagie Corporation Ltd.” be substituted by “V2Y Corporation Ltd.” wherever the former name appears in the Company’s Constitution; and
- (b) any of the Directors be and is hereby authorised to complete and to do all acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this Special Resolution and/or the Proposed Change of Name (including the execution of any agreements or documents and procurement of third party consents).

By Order of the Board of Directors

Lim Chuan Poh
Non-Executive and Independent Chairman
4 September 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The EGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of EGM will not be sent to members. Instead, this Notice of EGM will be sent to members by electronic means via publication on the Company's website at <http://investor.synagie.com/financial-information/> and the SGXNet.
2. The proceedings of the EGM will be broadcasted "live" through an audio-and-video webcast and an audio-only feed. Members and investors holding shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) ("Investors") (including investors holding shares through the Supplementary Retirement Scheme ("SRS") ("SRS investors")) who wish to follow the proceedings through a "live" webcast via their mobile phones, tablets or computers or listen to the proceedings through a "live" audio feed via telephone must pre-register at <http://scl.availeasemgdwebinar.com> no later than 10.00 a.m. on 25 September 2020 ("Registration Cut-Off Time"). Following verification, an email containing instructions on how to access the "live" webcast and audio feed of the proceedings of the EGM will be sent to authenticated members and Investors by 26 September 2020. Members and Investors who do not receive any email by 5.00 p.m. on 26 September 2020, but have registered by the Registration Cut-Off Time, should contact the Company by email at WebcastEGMFY2020@synagie.com.

Investors holding shares through Depository Agents must also contact their respective Depository Agents as soon as possible to indicate their interest in order for the Depository Agents to make the necessary arrangements for them to participate in the "live" broadcast of the EGM.

3. **Due to the current COVID-19 restriction orders in Singapore, members and Investors will not be able to attend the EGM in person. Members and Investors will also not be able to vote online on the resolutions to be tabled for approval at the EGM. A member (whether individual or corporate) must appoint the Chairman of the EGM ("Chairman") as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. The Chairman, as proxy, need not be a member of the Company.** The instrument for the appointment of proxy ("proxy form") may be accessed at the Company's website at <http://investor.synagie.com/financial-information/> or the SGXNet. Where a member (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
4. The proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A SRS investor who wishes to vote should approach his/her SRS Operator at least 7 working days before the date of the EGM to submit his/her voting instructions. This is so as to allow sufficient time for the respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman to vote on their behalf by 10.00 a.m. on 25 September 2020.
5. **The proxy form must be submitted to the Company in the following manner:**
 - (a) if submitted by post, be lodged with the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., at 30 Cecil Street, #19-08, Prudential Tower, Singapore 049712; or
 - (b) if submitted electronically, be submitted via email to EGMProxyFY2020@synagie.com,

in either case, **not less than 72 hours before the time appointed for holding the EGM.**

A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

6. In the case of members of the Company whose Shares are entered against their names in the Depository Register (as defined in Part IIIA of the Securities and Futures Act (Chapter 289 of Singapore)), the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register, as at 72 hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

7. **Members and Investors will not be able to ask questions “live” during the broadcast of the EGM. All members and Investors may submit questions relating to the business of the EGM no later than 10.00 a.m. on 25 September 2020:**

- (a) via the pre-registration website at <http://scl.availeasemgdwebinar.com/>; or
- (b) by email to the Company at EGMProxyFY2020@synagie.com.

The Company will endeavour to answer all substantial and relevant questions prior to, or at, the EGM.

8. All documents (including the Circular, proxy form, and this Notice of EGM) or information relating to the EGM have been, or will be, published on SGXNet and the Company's website at <http://investor.synagie.com/financial-information/>. **Printed copies of the documents will not be despatched to members and Investors.** Members and Investors are advised to check SGXNet and/or the Company's website regularly for updates.

9. **Personal Data Privacy:**

By submitting the proxy form appointing the Chairman to attend, speak and vote at the EGM and/or any adjournment thereof, a member consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy for the EGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

SYNAGIE CORPORATION LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201717972D)

PROXY FORM EXTRAORDINARY GENERAL MEETING

1. The EGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of EGM and this Proxy Form will not be sent to members. Instead, the Notice of EGM and this Proxy Form will be sent to members by electronic means via publication on the Company's website at <http://investor.synagie.com/financial-information/> and the SGXNet.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the Notice of EGM and the accompanying Company's announcement dated 4 September 2020. This announcement may be accessed at the Company's website at <http://investor.synagie.com/financial-information/> and the SGXNet.
3. Due to the current COVID-19 restriction orders in Singapore, members and investors will not be able to attend the EGM in person. Members and investors will also not be able to vote online on the resolutions to be tabled for approval at the EGM. A member (whether individual or corporate) who wishes to exercise his/her/its vote must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. In appointing the Chairman of the EGM as proxy, a member must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.
4. This proxy form is not valid for use by investors holding shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) ("Investors") (including investors holding Shares through Supplementary Retirement Scheme ("SRS") ("SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A SRS investor who wishes to vote should approach his/her SRS Operator at least 7 working days before the date of the EGM to submit his/her vote.
5. **Personal Data Privacy:** By submitting this proxy form, a member of the Company accepts and agrees to the personal data terms set out in the Notice of EGM dated 4 September 2020.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the EGM as a member's proxy to attend, speak and vote on his/her/its behalf at the EGM.**

*I/We _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)

being a *member/members of Synagie Corporation Ltd. ("the Company"), hereby appoint the Chairman of the Extraordinary General Meeting ("EGM"), as my/our proxy to vote for me/us on my/our behalf at the EGM to be held by way of electronic means on Monday, 28 September 2020 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote for or against, or abstain from voting on, the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the appointment of proxy for that resolution will be treated as invalid at the EGM and at any adjournment thereof.

NOTE: The Chairman of the EGM will be exercising his right under Regulation 81(2)(a) of the Constitution of the Company to demand a poll in respect of the resolutions to be put to the vote at the EGM and at any adjournment thereof. Accordingly, the resolutions at the EGM will be voted on by way of a poll.

	For*	Against*	Abstain*
ORDINARY RESOLUTION 1 To approve the Proposed Disposal			
ORDINARY RESOLUTION 2 To approve the Proposed Assignment			
ORDINARY RESOLUTION 3 To approve the Proposed Special Dividend			
SPECIAL RESOLUTION 1 To approve the Proposed Capital Reduction and the Proposed Cash Distribution			
SPECIAL RESOLUTION 2 To approve the Proposed Change of Name			

* If you wish to exercise all your votes "For", "Against" or to "Abstain" from voting on resolutions, please indicate with a "✓" within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll. In the absence of specific directions, the appointment of the Chairman of the EGM as your proxy will be treated as invalid.

Dated this _____ day of _____ 2020

Total Number of Shares Held

Signature of member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of Shares held by you. If you only have Shares entered against your name in the Depository Register (as defined in Part IIIA of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. However, if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the proxy form shall be deemed to relate to all the Shares held by you (in both the Register of Members and the Depository Register).
2. **Due to the current COVID-19 restriction orders in Singapore, members and Investors will not be able to attend the EGM in person. Members and Investors will also not be able to vote online on the resolutions to be tabled for approval at the EGM. A member (whether individual or corporate) must appoint the Chairman of the EGM ("Chairman") as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. The Chairman, as proxy, need not be a member of the Company. This proxy form may be accessed at the Company's website at <http://investor.synagie.com/financial-information/> and the SGXNet.** Where a member (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
3. This proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A SRS investor who wishes to vote should approach his/her SRS Operator at least 7 working days before the date of the EGM to submit his/her vote.
4. **The proxy form must be submitted to the Company in the following manner:**
 - (a) if submitted by post, be lodged with the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., at 30 Cecil Street, #19-08, Prudential Tower, Singapore 049712; or
 - (b) if submitted electronically, be submitted via email to EGMProxyFY2020@synagie.com,

in either case, **not less than 72 hours before the time appointed for holding the EGM.**

A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.
6. The Company shall be entitled to reject the proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company shall be entitled to reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.