Synagie

Synagie Corporation Ltd.

Flying Colours

500 | Technology Fast 500
2018 APAC WINNER
Deloitte.

ANNUAL REPORT
2018

CONTENTS

CORPORATE PROFILE

Synagie Corporation Ltd. (“**Synagie**”, the “**Company**”, or collectively with its subsidiaries, the “**Group**”) is the leading e-commerce solutions provider in Southeast Asia (“**SE Asia**”) in the Body, Beauty and Baby sector. Established in 2014 and headquartered in Singapore, Synagie helps its Brand Partners, which include small and medium enterprises (“**SME**”) and multi-national corporations 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. This solution covers all aspects of the e-commerce value chain covering technology, online store operations, content and channel management, digital marketing, customer service to warehousing and fulfilment. Complementing its e-commerce business, Synagie has an insurtech business where its subsidiary has more than seven 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.

In 2018, Synagie was ranked Number 1 fastest growing technology company in Singapore and Number 22 in Asia Pacific on the Deloitte Technology Fast 500™ Asia Pacific 2018. According to Frost & Sullivan (Singapore) Pte Ltd (“**Frost & Sullivan**”), Synagie is also the fastest growing e-commerce startup in Singapore and one of the fastest growing in SE Asia.

CORPORATE HIGHLIGHTS

APRIL 2018:

Completed the acquisition of 1Care Global Pte. Ltd. (“**Insurtech Subsidiary**”)

MAY 2018:

According to Frost & Sullivan, Synagie is the fastest growing e-commerce startup in Singapore and one of the fastest growing in SE Asia

AUGUST 2018:

Listed on the Catalist Board of SGX-ST

Collaborated with UOB to untangle the e-commerce web for SME distributors and retailers

OCTOBER 2018:

Incorporated a new subsidiary in Philippines

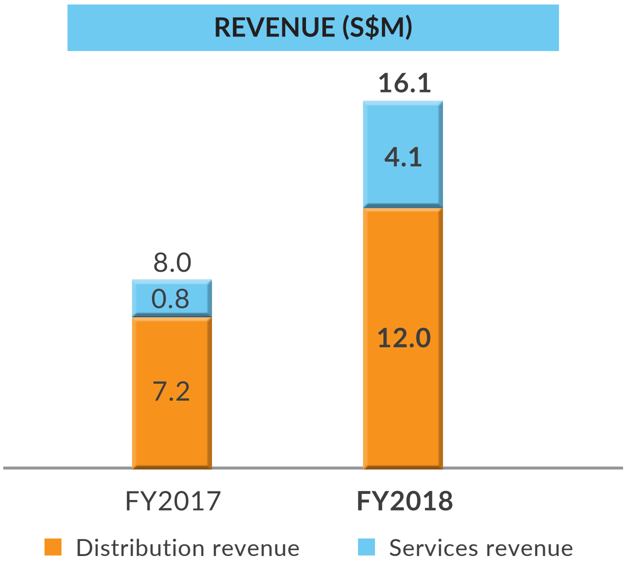
DECEMBER 2018:

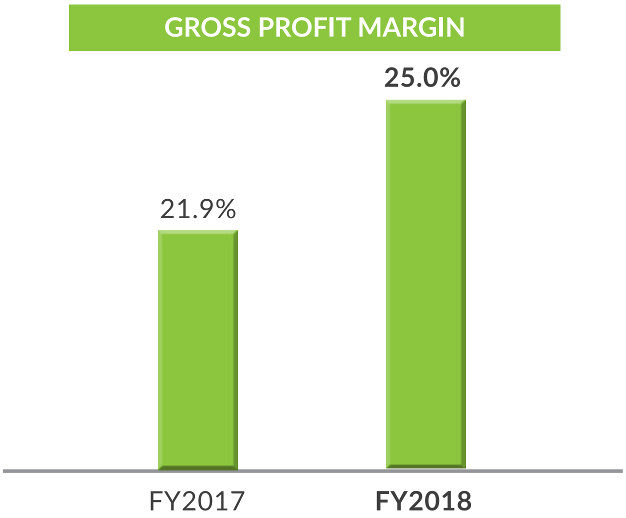
Incorporated a new subsidiary in Vietnam

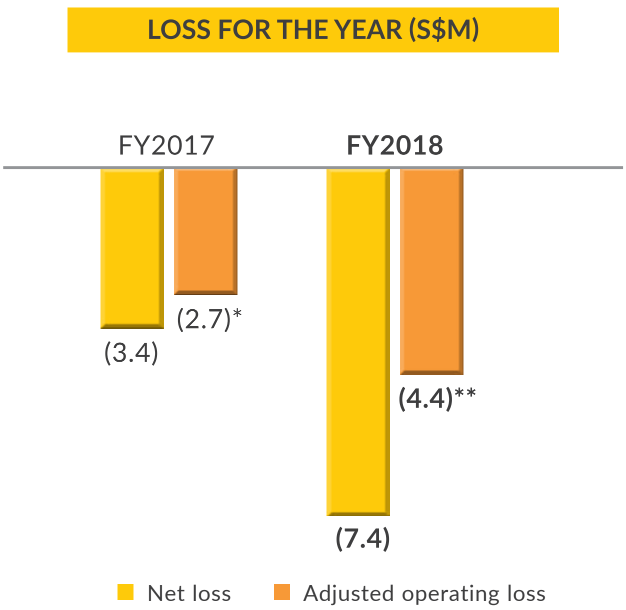
Synagie ranked Number 1 fastest growing technology company in Singapore and Number 22 in Asia Pacific on the Deloitte Technology Fast 500™ Asia Pacific 2018

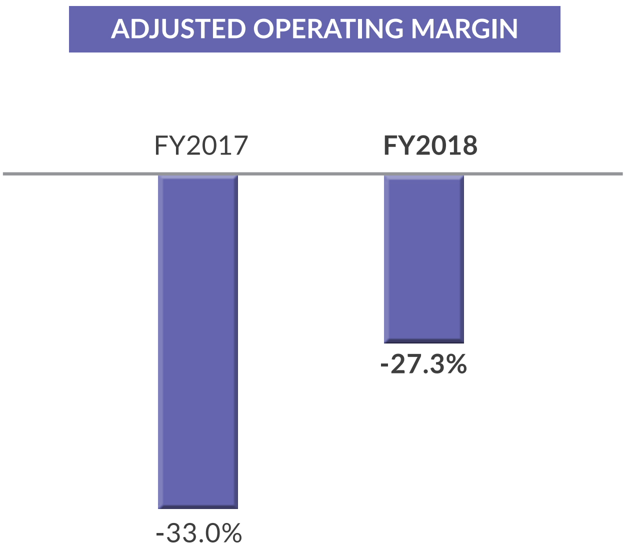
Number of Brand Partners grew to more than 270 by end of 2018

FINANCIAL HIGHLIGHTS









* Excluding one-off expenses of S$0.7 million that consisted of professional fees incurred in relation to IPO and Convertible Notes, amortisation of Convertible Notes as well as plant and equipment written off of S$0.4 million, S$0.2 million and S$0.1 million respectively.

** Excluding one-off expenses and Listco expenses of S$1.8 million and S$1.2 million respectively. One-off expenses consisted of IPO listing expenses, amortisation of Convertible Notes and professional fees incurred for the acquisition of Insurtech Subsidiary amounting to S$1.1 million, S$0.5 million and S$0.2 million respectively.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "**Board**"), it is my pleasure to present you our inaugural annual report of Synagie Corporation Ltd. ("**Synagie**" or collectively with its subsidiaries, the "**Group**") for the financial year ended 31 December 2018 ("**FY2018**").

Within a short span of four years, the Group has grown to become the leading e-commerce enabler in SE Asia. In FY2018, the Group was awarded Number 1 fastest growing technology company in Singapore and ranked Number 22 in Asia Pacific on the Deloitte Technology Fast 500™ Asia Pacific 2018. With its successful listing on the Catalist Board of Singapore Exchange Securities Trading Limited in 2018, the Group achieved another significant milestone as it embarks on its next phase of growth to enter into new markets such as Philippines and Vietnam.

The Group will continue its business expansion into new markets and look to grow and help its Brand Partners realise the untapped potential from these markets.

CHAIRMAN'S MESSAGE

E-commerce is the future of retail, and SE Asia is one of the fastest growing e-commerce markets, with the expanding middle class expected to stimulate the e-commerce market with their higher purchasing power, particularly with the entry of new banking models and greater access to loans and credit. The total gross merchandise value ("**GMV**") of SE Asia's e-commerce[1] industry grew exponentially from US$5.3 billion in 2014 to US$16.6 billion in 2017 and is forecasted to reach US$45.6 billion by 2022 with a revenue CAGR of 22.3%. Philippines and Vietnam are two of the largest e-commerce markets in the region. Philippines[2] e-commerce revenue is estimated to be US$996.0 million in 2019 and is projected to grow at a CAGR of 8.5% from 2019 to 2023, resulting in a market volume of US$1.4 billion by 2023. Whereas, Vietnam[3] e-commerce market is estimated to generate revenue amounting to US$2.8 billion and is projected to grow at a revenue CAGR of 12.0% from 2019 to 2023, resulting in a market volume of US$4.5 billion by 2023.

The Group has helped both major multi-national corporations and SME to shift their traditional businesses online by providing end-to-end commerce enablement and fulfilment solutions through its cloud-based platform. In line with its proactive marketing strategy, the Group recorded more than 350.0% surge in orders during Singles' Day alone as the GMV surpassed S$1.0 million during the event. The Group will continue its business expansion into new markets and look to growing and helping its Brand Partners realised the untapped potential from these markets.

In closing and on behalf of the Board, I would like to extend my appreciation to the dedicated management team and staff for their efforts and hard work. Most importantly, I would like to take this opportunity to thank our shareholders for their unwavering support and belief in Synagie. Going forward, we will continue to strive to do better with the aim of maximizing shareholders' interests at heart.

LIM CHUAN POH
NON-EXECUTIVE AND INDEPENDENT CHAIRMAN

1 "Independent Market Research on the E-commerce Industry in Singapore and Southeast Asia" by Frost & Sullivan
2 https://www.statista.com/outlook/243/123/ecommerce/philippines
3 https://www.statista.com/outlook/243/127/ecommerce/vietnam

CEO'S MESSAGE

On behalf of the Board and Management, I am pleased to present Synagie's Annual Report for FY2018.

FY2018 was an exciting year for us. The Group set a new revenue record as our revenue grew 99.9% year-on-year ("**YOY**") to S$16.1 million. The Group's e-commerce sales surged by 66.8%, due to higher demand from online consumers for its Brand Partners' products. The Group also achieved notable growth from its business expansion into Malaysia with a maiden contribution of 6.3% to its total sales in FY2018 as it completed its full year operations. Additionally, the Group's Brand Partners grew by 45.2% to more than 270 by end of 2018. The Group also on-boarded several new Brand Partners including Kanebo and Sloggi for Malaysia and Singapore respectively.

During the year, we entered into a collaboration agreement with United Overseas Bank Limited ("**UOB**") to help SME in SE Asia expand their e-commerce business. As UOB's preferred commerce enabling partner, UOB's SME clients will have preferential access to Synagie's range of user-friendly, end-to-end e-commerce solutions. Synagie's platform also provides real-time Big Data analytics to help businesses understand their customers' buying preferences and offers on-demand warehousing and fulfilment services on a pay-per-use basis. This collaboration will begin with UOB's SME clients base in Singapore, followed by Malaysia, Thailand, Vietnam and Indonesia. We will continue to strengthen our value proposition as a leading e-commerce enabler by constantly innovating and offering integrated solutions to help our Brand Partners to effectively manage their online presence.

In April 2018, we acquired Insurtech Subsidiary, which has more than seven years of experience in providing regional third-party administration services for extended warranty, accidental damage protection as well as after sales support and call centre services to Fortune 500 companies in the computer, communication and consumer electronics ("**3C**") sector across SE Asia, India, Hong Kong and Taiwan.

CEO'S MESSAGE

After the acquisition of our Insurtech Subsidiary, we started developing a cloud insurance platform that provides digital distribution, claims automation and dynamic pricing for insurance products. In 2018 alone, our Insurtech Subsidiary processed more than S$500.0 million in insurance coverage and above 780,000 insurance policies. Moving forward, the Group intends to leverage on its domain expertise and technology to penetrate the growing insurtech market in SE Asia using its cloud insurance platform.

In March 2019, we launched Kiasu.me, a new on demand lifestyle insurance mobile app and cloud insurance platform, that offers affordable and instant protection for consumers. Powered by Artificial Intelligence and backed by the world's leading insurers, it provides instant coverage and delivers "pay-as-you-use" lifestyle insurance coverage.

The first product offered by Kiasu.me is Device Shield – a 12-month, app-based accidental screen damage protection for brand new mobile phones that is underwritten by a regional A-rated insurer. Other innovative insurance products are in the pipeline, which include cyber risks and family insurance that will be available on the Kiasu.me mobile app.

At this juncture, we would like to express our appreciation to the Board for their stewardship. We would also like to thank the Management team for their dedication and commitment. And on behalf of the Management, I would like to convey my heartfelt gratitude towards our shareholders, customers, brand partners and business associates for their strong support and confidence in Synagie.

We look forward to advancing the Company to greater heights, as we endeavour to seek more partnerships and expand our business and service offerings in the coming year.

CLEMENT LEE
CHIEF EXECUTIVE OFFICER

FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

Revenue

The Group's revenue surged by 99.9% or S$8.1 million, from S$8.0 million in FY2017 to S$16.1 million in FY2018. This was mainly due to (i) an increase in revenue from our e-commerce business segment, as a result of higher demand from online consumers for our Brand Partners' products; (ii) increase in the number of our Brand Partners to over 270 in FY2018; and (iii) the first full year of operations for our business expansion into Malaysia and new revenue contribution from Insurtech Subsidiary.

Gross profit

The Group's gross profit increased by 127.6% or S$2.2 million, from S$1.8 million in FY2017 to S$4.0 million in FY2018. Gross profit margin improved by 310 bps to 25.0% in FY2018 mainly due to higher contribution of services revenue from our e-logistics and new insurtech business segment, which delivers higher margins compared to distribution revenue from our e-commerce business segment.

Other income

Other income increased by 1,131.3% or S$0.2 million in FY2018 as compared to FY2017 mainly due to government grants received.

Distribution costs & Administrative expenses

Distribution costs remained relatively constant at S$0.8 million in FY2018 and S$0.7 million in FY2017 despite a substantial increase in our revenue for FY2018, due to higher cost efficiencies. Administrative expenses increased by 139.0% or S$5.8 million to S$10.0 million in FY2018 as compared to S$4.2 million in FY2017. The increase was mainly due to (i) one-off expenses of S$1.2 million attributed to IPO listing expenses and professional fees incurred in relation to the acquisition of Insurtech Subsidiary; (ii) incremental overhead of S$1.2 million incurred at the Listco level, mainly consisting of directors' expenses and post IPO compliance costs of a public listed company; (iii) overhead expenses of S$1.2 million inherited from our new Insurtech Subsidiary, mainly consisting of staff costs and rental of office; and (iv) higher warehouse rental and handling expenses of S$1.7 million as a result of warehouse expansion in Singapore and Malaysia, from approximately 22,000 sqft in FY2017 to more than 64,000 sqft by end of FY2018 to cater to our business growth in Singapore and in anticipation of an increase in our order volume in FY2019.

Other operating expenses

Other operating expenses increased by 160.6% or S$0.2 million from S$0.1 million in FY2017 to S$0.3 million in FY2018, mainly due to impairment loss of trade receivables and inventories written off.

Finance costs

Finance costs increased by 203.9% or S$0.4 million from S$0.2 million in FY2017 to S$0.6 million in FY2018, largely attributed to the amortisation of Convertible Notes issued in connection with our pre-IPO fund raising.

Loss in FY2018

The loss for the year increased by 118.4% or S$4.0 million, from S$3.4 million in FY2017 to S$7.4 million in FY2018, mainly comprised of one-off expenses of S$1.8 million that is attributed to IPO expenses, amortisation of Convertible Notes and professional fees incurred in relation to the acquisition of Insurtech Subsidiary. Excluding one-off expenses of S$1.8 million as well as other overheads, including directors' expenses and post IPO compliance costs of a public listed company incurred at the Listco level of S$1.2 million, the adjusted operating loss would have been S$4.4 million for FY2018.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Current assets & Non-current assets

Current assets increased by 199.4% or S$12.1 million, from S$6.1 million as at 31 December 2017 to S$18.2 million as at 31 December 2018, mainly attributed to increase in deferred costs and receivables of S$2.7 million and S$2.3 million respectively contributed from Insurtech Subsidiary, as well as increase in cash and cash equivalents of S$5.7 million. Deferred costs relate to insurance premium fees recognised, corresponding with the deferred revenue from the insurtech business. Non-current assets increased by 896.7% or S$4.1 million, from S$0.5 million as at 31 December 2017 to $4.6 million as at 31 December 2018, mainly attributed to goodwill

FINANCIAL REVIEW

and intangible assets (customer contracts/relationship) arising from the acquisition of Insurtech Subsidiary.

Current liabilities & Non-current liabilities

Current liabilities increased by 202.8% or S$7.0 million, from S$3.5 million as at 31 December 2017 to S$10.5 million as at 31 December 2018, mainly due to payables and deferred revenue contributed by Insurtech Subsidiary. Non-current liabilities increased by 18.2% or S$0.5 million, from S$2.9 million as at 31 December 2017 to S$3.4 million as at 31 December 2018, attributed to contingent consideration payable and the associated deferred tax liabilities arising from the acquisition of Insurtech Subsidiary.

Equity

The negative merger reserve of S$8.3 million relates to the difference between the consideration paid by the Group and the equity of a subsidiary – BTFL Pte. Ltd. acquired in relation to the restructuring exercise in connection with the IPO.

REVIEW OF THE GROUP'S STATEMENT OF CASH FLOWS

Operating activities

The Group utilised approximately S$4.6 million in its operating activities in FY2018 as compared to S$3.7 million in FY2017, mainly due to operating losses before movement in working capital of S$5.1 million, adjusted for net working capital inflows of S$0.7 million, offset by income taxes paid of S$0.2 million. The net working capital inflows were due to increase in inventories and trade and other receivables of S$0.7 million and S$1.7 million respectively. This is partly offset by the increase in trade and other payables of S$3.0 million.

Investing activities

Net cash used in investing activities of S$1.2 million in FY2018 were mainly attributed to the acquisition of Insurtech Subsidiary with net cash outflow of S$0.7 million and software development of S$0.3 million.

Financing activities

Net cash generated from financing activities of S$11.4 million in FY2018 was mainly due to the net proceeds from the IPO and Convertible Notes of S$9.8 million and S$1.7 million respectively.

BOARD OF DIRECTORS

LIM CHUAN POH

(NON-EXECUTIVE AND INDEPENDENT CHAIRMAN)

Mr Lim Chuan Poh graduated in 1978 with a Bachelor of Arts (Hons) in Engineering Science from Balliol College, Oxford University. He obtained his MSc in 1988 from Imperial College of Science & Technology on a Commonwealth Scholarship. Mr Lim spent more than 20 years in the Singapore Civil Service from 1980. Amongst his various appointments, Mr Lim of the Telecommunications Authority of Singapore (TAS) in 1994 and the Deputy Secretary of the Ministry of Communications in 1996. He was conferred the Public Administration Medal (Silver) at the 1996 National Day Awards by the Singapore government. Mr Lim left the Civil Service in 1998 to join Singapore Telecommunications Ltd ("**SingTel**") as Chief Executive (Fixed Lines & Internet Business). Thereafter, he held several key management positions including Chief Executive Officer ("**CEO**"), SingTel Mobile and CEO, International Business. He retired from SingTel in 2010. Currently, Mr Lim serves in various non-executive and advisory roles with organizations such as Nokia, Asurion, and SP Telecom.

CLEMENT LEE

(EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER)

Mr Clement Lee is one of the founders and has been the CEO of our Group since inception in 2014. He is responsible for the general management and business development of our Group. Mr Lee has more than 20 years of experience in brand development and management in the entertainment and lifestyle industry. Mr Lee began his career in 1990 as a marketing executive at Inside Design Pte. Ltd. The next year, he started Foloca Design and was its sole proprietor up to 1992 when it was converted into a private limited company, Foloca Design Pte. Ltd. where he served as its Creative Director until 1994. From 1993 to 1996, he was appointed as Executive Director of the Kingfisher Group of Companies. In 1996, he was employed by Aslindo Holdings Pte. Ltd. and Club Beverly Pte. Ltd. as their respective General Managers. From 1998 to 2001, he was employed by APN Technologies Sdn. Bhd. as a Marketing Director. Mr Lee also served as Consultant of XA Alliance Pte. Ltd. in 2002 for a few months. In to 2003, he was employed by O2Labs as a Marketing Director and later joined LifePharm Pte. Ltd. ("**LifePharm**") as Senior Vice President of Brand Development in the same year. In 2004, LifePharm was listed as on the SGX-ST as Lifebrandz Ltd. and he was appointed as a Director in 2005 and subsequently served as its CEO from 2007 up to 2009, and as its Executive Chairman from 2009 up to 2013. Mr Lee subsequently served as the CEO and Executive Director of Avenza Pte. Ltd. ("**Avenza**"), from 2013 to 2015, where he was responsible for the Company's overall corporate strategies, brand and product development and management. Mr Lee obtained his GCE A Levels from Anglo-Chinese Junior College.

BOARD OF DIRECTORS

OLIVE TAI
(EXECUTIVE DIRECTOR)

Ms Olive Tai is one of the founders of our Group and is responsible for the operations of our e-commerce and e-logistics segments. She has 20 years of experience in the FMCG industry. She began her career at Johnson & Johnson Pacific Pty. Limited as a management trainee in 1998. She rose through the ranks, first being promoted in 2000 to National Sales Analyst, then subsequently in 2002 to Regional Sales Analyst of Johnson & Johnson Pte. Ltd. From 2005 up to 2007, she was employed by Johnson & Johnson Pte. Ltd ("**J&J Consumer**") as a Trade Marketing and Key Account Manager. In 2008, she was promoted to the position of Customer Marketing Manager of J&J Consumer. In 2009, she left J&J Consumer to join Bausch & Lomb (S) Pte. Ltd. as its Regional Customer Development Director. From 2011 up to 2014, she was employed by Watsons Singapore Pte. Ltd. as a Trading Director and led the Merchandising Department, Pharmacist Group and Space Management Team. Prior to joining our Group in 2014, she was the Managing Director of Avenza. At Avenza, she was responsible for developing strategy for health and beauty brands and was instrumental in the development of a sales and marketing plan for a new healthcare brand. Ms Tai graduated from the University of Wollongong with a Bachelor of Commerce in 1997.

ZANETTA LEE
(EXECUTIVE DIRECTOR)

Ms Zanetta Lee is in charge of our Group's growth, business development and corporate affairs as well as our Group's acquisitions, which includes the insurtech segment. Ms Lee started her career at DaimlerChrysler South East Asia Pte. Ltd. as an Assistant Manager, Strategy and Business Development in 2002, and was thereafter promoted to Manager in 2005. From 2006 up to 2015, she was the Regional Manager, General Distributor Markets, South and SE Asia of Daimler South East Asia Pte. Ltd. ("**Daimler**"), where she was responsible for managing Mercedes Benz general distributors in emerging markets in South and SE Asia, overseeing sales, marketing, competitor analysis and developing regional growth strategies for vehicle sales. After leaving Daimler in 2015, she joined our Group as Executive Vice-President, Growth. Ms Lee graduated from the London School of Economics with a Bachelor of Science in Economics & Management in 2002.

BOARD OF DIRECTORS

CHUA HWEE SONG
(NON-EXECUTIVE AND INDEPENDENT DIRECTOR)

Mr Chua Hwee Song is currently the Group Chief Financial Officer of Singapore Press Holdings, a position he has held since April 2018. Mr Chua was also a director and Group Chief Financial Officer of CWG International Ltd from 2015 to 2018. Mr Chua has many years of experience in capital markets and corporate finance. He was the founder and Managing Director of Tembusu Ventures Pte Ltd ("**Tembusu**"), where he manages a private equity fund that invests in growth companies throughout Asia since 2005. Prior to Tembusu, Mr Chua was with the Singapore Economic Development Board, where he led the promotion of technology entrepreneurship and development of the enterprise financing infrastructure in Singapore, with a specific focus on the industry development of the venture capital and private equity industry. Mr Chua graduated in 1989 with a Bachelor of Engineering (1st Class Honours) in Electrical and Electronic Engineering from King's College London, University of London and holds a Master of Business Administration from the National University of Singapore. Mr Chua is also a Chartered Financial Analyst and a Chartered Accountant.

KOH CHIA LING
(NON-EXECUTIVE AND INDEPENDENT DIRECTOR)

Mr Koh Chia Ling is currently the managing director of OC Queen Street LLC. Mr Koh began his legal career as a civil and commercial litigation associate in Bih Li & Lee LLP in 1998. He left Bih Li & Lee LLP in 2000 and joined Bird & Bird ATMD LLP ("**Bird & Bird**") in 2001 as an associate, eventually rising to the position of equity partner. While at Bird & Bird, he handled a diverse range of portfolios, including intellectual property, telecommunications, media and technology, cybersecurity, privacy, risk and compliance. He left Bird & Bird in 2016 to join OC Queen Street LLC as Managing Director, the position he currently holds, responsible for controlling and overseeing all business operations of the law firm. In addition, Mr Koh has been an honorary expert panel member of both the Centre for Cross-Border Commercial Law in Asia, and the Centre for Artificial Intelligence & Data Governance, School of Law, Singapore Management University since 2018. He is also honorary legal advisor to the Association of Information Security Professionals (AISP) since 2018. In 2019, he was invited to sit as a member of Singapore Academy of Law's Law Reform Sub-Committee on Smart Contracts. He is currently an Executive Director of OC Queen Street LLC, where he was appointed in 2016, as well as Osborne Clarke International, where he was appointed in 2018. Mr Koh was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1998. He has been an (ISC)2 Certified Information Systems Security Professional since 2005, a member of the Asian Patent Attorneys Association since 2017, and a member of the Association of Information Security Professionals since 2017. Mr Koh graduated in 1996 with a Bachelor of Laws (Hons) degree from the University of London in 1996, and earned a Master of Laws, Media, Communications and Information Technology Law from the University of New South Wales in Australia in 2000. He also earned a Master of Technology, Knowledge Engineering from the National University of Singapore in 2004.

BOARD OF DIRECTORS

CHUE EN YAW
(NON-EXECUTIVE AND INDEPENDENT DIRECTOR)

Mr Chue En Yaw is currently the Managing Director, Head of Private Equity Funds, of Azalea Investment Management Pte. Ltd. Mr Chue started his career at Arthur Andersen LLP as Staff Accountant in 1997 and was thereafter promoted to Senior in 1999. Between 2000 and 2008, he was the Director, Head of Fund Operations of JAFCO Investment (Asia Pacific) Ltd. From 2008 to 2010, he served as an Associate Director, Private Equity in the Principal Finance Department of Standard Chartered Bank. Mr Chue subsequently joined Temasek International Pte. Ltd. in 2010 where he was a Director, Private Equity Fund Investments until 2017. In 2018, he joined Azalea Investment Management Pte. Ltd., as its Managing Director, Head of Private Equity Funds. Mr Chue graduated from Nanyang Technological University with a Bachelor of Accountancy in 1997. He is a Chartered Accountant and a CFA Charterholder.

EXECUTIVE OFFICERS

JENNY TAY
(GROUP FINANCIAL CONTROLLER)

Ms Jenny Tay is in charge of overseeing all aspects of finance and accounting functions within our Group. She has more than ten years of financial, audit and accounting experience. She started her career at Crowe Horwath KL as an Audit Associate in 2003. From 2007 up to 2008, she was employed by KPMG LLP as an Assistant Audit Manager, where she was responsible for leading audits carried out on multi-national corporations. From 2008 up to 2013, she was employed by Newcruz Offshore Marine Pte. Ltd., a subsidiary of Swiber Holdings Limited, as its Accounting Manager. Thereafter, she joined Vallianz Corporate Services Pte. Ltd. (a subsidiary of Vallianz Holdings Limited) in 2013 and was subsequently promoted to Senior Manager, Treasury and Corporate Finance, where she oversaw all aspects of finance and accounting functions within the Vallianz group of companies. In 2017, she left the Vallianz group of companies to join our Group as its Group Financial Controller. Ms Tay is qualified as an Affiliate of the Association of Chartered Certified Accountants (ACCA) in 2003, and has been a member of the Institute of Singapore Chartered Accountants since 2012.

QUEK WEI LING
(GENERAL MANAGER- ONLINE CHANNEL)

Ms Quek Wei Ling leads both business development and channel teams to develop, execute performance-driven plans and optimize the sales performance of the Company's Brand Partners and merchants via the various e-commerce pureplay and marketplace channels. She first started her career as a pre-registration pharmacist at NTUC Healthcare Cooperative Ltd ("**NTUC Healthcare**") in 2003, before qualifying as a registered pharmacist in 2004 with NTUC Healthcare. In 2007, she was promoted to Buying Manager of NTUC Healthcare. In 2011, she left NTUC Healthcare to join Watsons Personal Care Stores Pte. Ltd. as a Merchandising Manager, where she led and managed the fast growing Health Category. In 2013, she was also took on the responsibility of overseeing Beauty Division, which included Cosmetics, Skincare and Haircare. She was promoted to Senior Merchandising Manager in 2014. From 2014, she was employed by Avenza as its Head of Commercial, responsible for managing its brands and retail sales of products. In 2015, she left Avenza to join our Group as Head of Enterprise Content Management, where she worked with the team for the development of Beautiful.me website, and the subsequent Beautiful.me stores on the different leading marketplace channels, such as Qoo10, Lazada, Shopee and Redmart. Together with our Managing Director, Olive Tai, she continues to acquire new Brands Partners and merchants. Ms Quek was subsequently promoted to become General Manager (Online Channel) in 2018. Ms Quek graduated from the National University of Singapore with a Bachelor's of Science in Pharmacy in 2003. She is a registered pharmacist and was admitted to the Singapore Pharmacy Board since 2004.

EXECUTIVE OFFICERS

JAKE CHIA

(GENERAL MANAGER- REGIONAL STRATEGIC CUSTOMER)

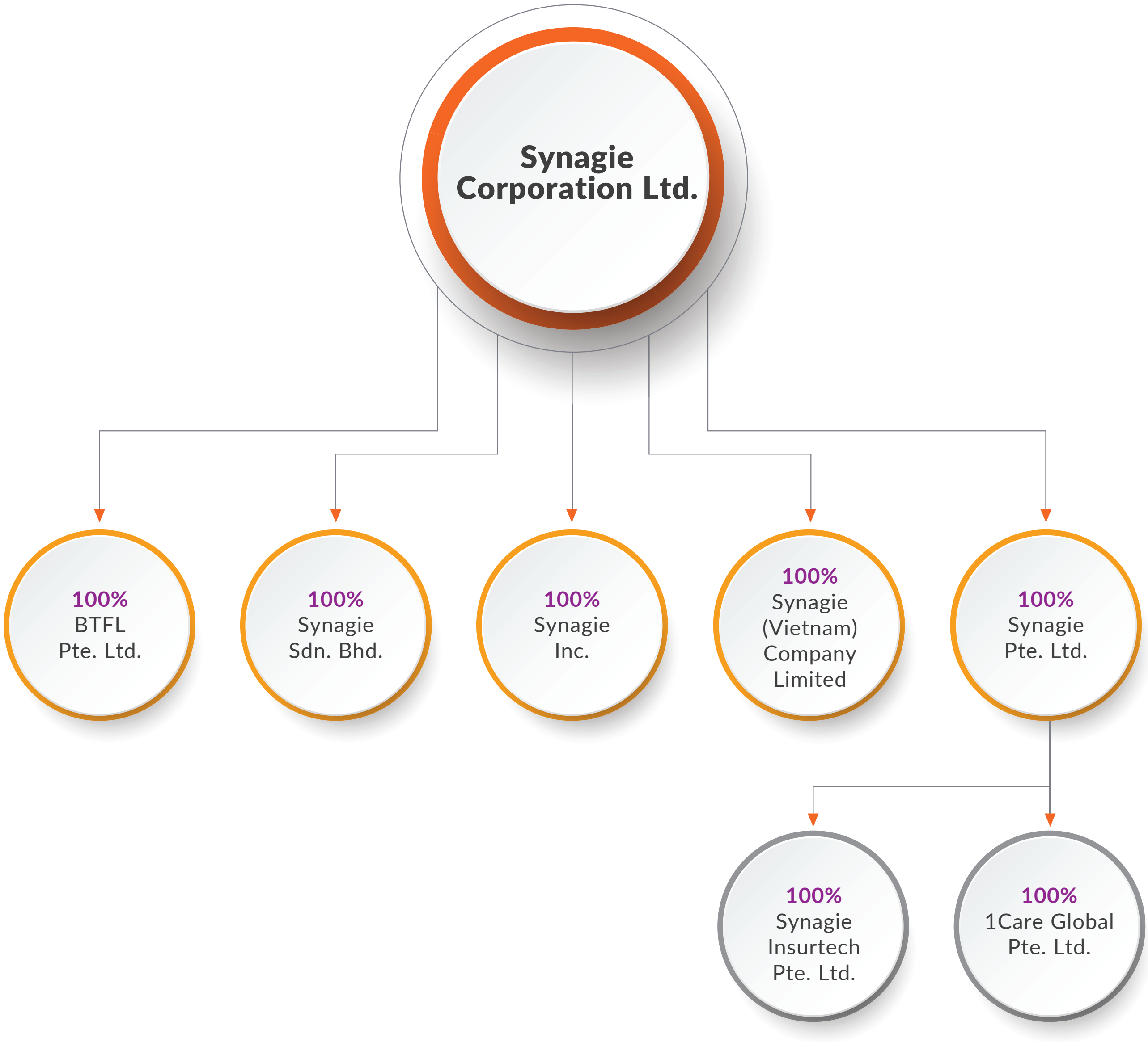
Mr Jake Chia is in charge of developing internal teams to create a value proposition chain for all our customers and e-tailers. He will also manage and enhance key accounts, as well as be in charge of bringing in new customers to drive revenue growth. Mr Chia started his career in Colgate Palmolive Singapore as a Management Trainee in 2010 where he was rotated across Customer Development (Sales) and Shopper Development (Trade marketing) functions. He then joined the L'Oreal Singapore in 2011 as a Key Account Manager, helping to reach double digit growth with all assigned clients and attaining the highest ever dollar sales for L'Oreal with all assigned customers during the incumbency. Thenceforth, he joined Kimberly Clark Singapore to develop the commercial team where his eventual position was Group Customer Development Manager, heading the Customer Development function. In 2017, Mr Chia left Kimberly Clark to join MAKE UP FOR EVER (division holding of LVMH) as the Brand General Manager and Regional Sales Manager where he led the restructuring of the local team, accelerated the business's profitability and led the regional penetration of the brand into market place e-commerce channel. In 2019, Mr Chia joined our Group as General Manager (Regional Strategic Customer). Mr Chia graduated from Nanyang Technological University with a Bachelor's of Business in 2010, majoring in Marketing.

ANNA THURAI

(OPERATIONS DIRECTOR)

Mr Anna Thurai is in charge of overseeing the operations of Insurtech Subsidiary. He has more than seven years of experience in operations management. He started his career in Hewlett Packard (Singapore) Pte. Ltd. as a customer service representative and supervisor in 1997. Between 1999 and 2010, he served in Teledirect Pte. Ltd. as a Client Services Manager. In 2011, he joined Insurtech Subsidiary as its Operations Director. He manages and leads backend service engagement and customer experience for various programmes. Mr Anna holds a Diploma in Business Administration and Marketing from TMC Academy Singapore, and a Professional Diploma in Training and Development from Singapore Training & Development Association.

CORPORATE STRUCTURE



SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

BOARD STATEMENT

In order to bring our Company to greater heights, we believe that sustainable growth has to be an integral part of our strategy. Hence, we are committed to working closely with our stakeholders to understand their concerns and ensure that their interests are protected.

On that note, we are pleased to present our inaugural Sustainability Report, a testament of our commitment to good governance. This Sustainability Report serves as a platform to share the Group's Economic, Environment, Social and Governance ("**ESG**") practices and goals with our stakeholders.

Synagie's sustainability journey is a collective effort and we wish to invite all stakeholders to join us in this quest to progress towards being a better global citizen.

ABOUT THIS REPORT

The scope of this report covers FY2018, in line with this Annual Report. As Global Reporting Initiative ("**GRI**") standards is the global standard for sustainability reporting, our sustainability report has been prepared in accordance with the GRI standards, Core. Unless otherwise stated, the report covers the ESG performance of the Group. This report forms part of Synagie's FY2018 Annual Report. As part of our continued efforts to improve our reporting, we welcome stakeholders to submit their feedback to clee@synagie.com

MANAGING SUSTAINABILITY AT SYNAGIE

OUR VISION

Create sustainable commerce and champion positive change.

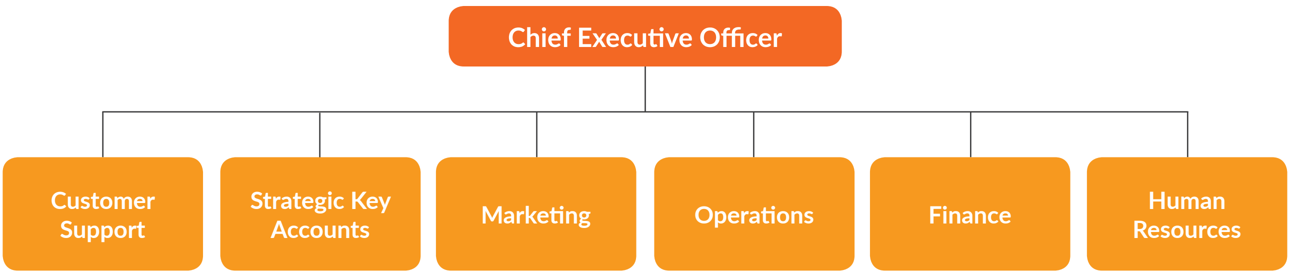
OUR MISSION

We are dedicated to making the world a better place to live in. Our mission is to:

- Enhance stakeholders' value through sustainable business practices.
- Offer employees competitive benefits and a safe work environment and honouring the rights of our employees.
- Empowering our communities to advance and prosper.
- Protect limited resources and actively seeking ways to reduce our environmental footprint.

OUR SUSTAINABILITY COMMITTEE

The Sustainability Committee will be headed by Chief Executive Officer, and driven by the respective Department Heads and middle management team from Customer Support, Strategic Key Accounts, Marketing, Operations, Finance and Human Resources.



SUSTAINABILITY REPORT

The responsibilities of the Sustainability Committee are as follows:

- The Committee shall oversee and provide input to management on the Company's policies, strategies and programmes related to matters of sustainability and Corporate Social Responsibility. This includes, but is not limited to, matters related to environment, local community, human rights, supply chains, customer feedback and philanthropy.

- The Committee shall set and review the goals established for its performance with respect to matters of sustainability and corporate social responsibility and monitor the Company's progress against those goals.

- The Committee shall receive periodic feedback from the Company's management regarding relationships with key external stakeholders that may have a significant impact on the Company's business activities and performance.

STAKEHOLDER ENGAGEMENT

Engagement with key stakeholders through the various platforms allows us to obtain valuable and relevant inputs that is critical in guiding us towards improving the business and achieving our undertaking for sustainable growth. Our key stakeholders include, but are not limited to our customers, employees, suppliers, investors, regulators and the community at large.

We have collated and summarised the key concerns and interests raised by our stakeholders as follows:

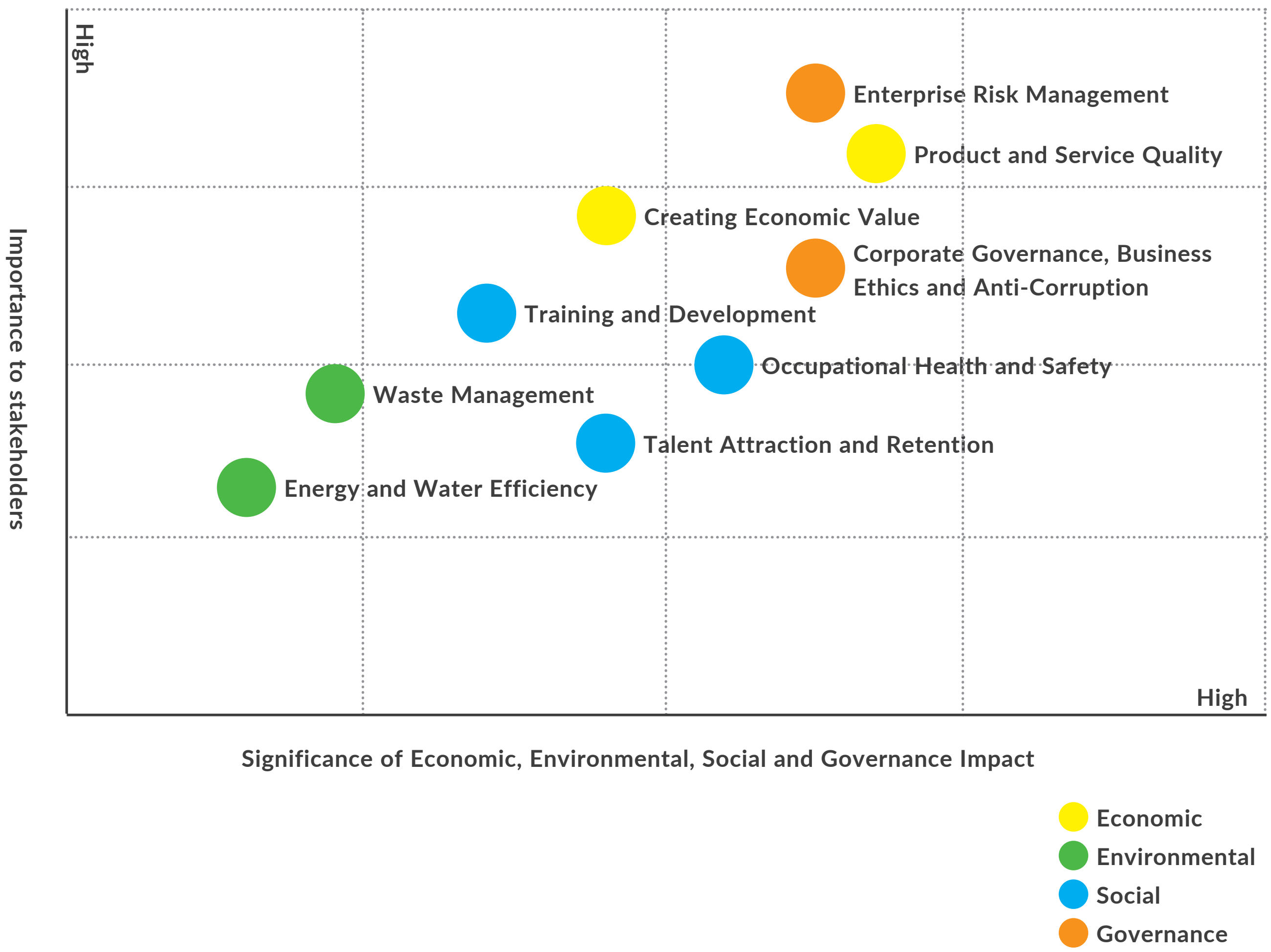
Stakeholders	Means of engagement	Key areas of concern
Employees	• Yearly – Performance appraisals • Ad-Hoc – Employee training and development • Perpetual – Code of Conduct and Company's Policies	• Safety and welfare • Employee learning and development opportunities • Rewards and fair remuneration
End consumers	• Ad-Hoc – Feedback through online distribution channels	• Product safety • Prompt and quality customer service • Competitive pricing • Timely delivery and services
Distribution channel partners	• Perpetual – Sending channel team to build rapport	• Establishing and maintaining strong relationship
Suppliers/ Brand Partners	• Perpetual – Provision of feedback and data analytics through Synagie Platform, and supplier evaluation	• Establishing and maintaining good relationships • Prompt provision of data – customer demographics, sales trends, customers' feedback on products

SUSTAINABILITY REPORT

Stakeholders	Means of engagement	Key areas of concern
Investors, media and regulators	• Yearly – Annual General Meetings, annual reports and sustainability reports • Ad-Hoc – Extraordinary General Meetings, media releases and announcements	• Regulatory compliance • Business strategy and outlook • Corporate governance • Timely and transparent reporting
Community	• Yearly – Annual financial report and sustainability report	• Responsible business conduct • Support community projects

MATERIALITY ASSESSMENT

Synagie's material topics are derived from the materiality matrix. In accordance with the reporting principles, we take into account the materiality topic's influence on stakeholders' decisions as well as the significance of the topic's impact to **Economic**, **Environmental**, **Social** and **Governance** factors. The material topics are ranked in the materiality matrix and are further discussed in the subsequent pages of this report.



SUSTAINABILITY REPORT

MATERIAL TOPICS

Focus Area	Material Topics
Economic	
• To revolutionise commerce through our ecosystem and create long-term sustainable value for our stakeholders.	1. Creating Economic Value 2. Product and Service Quality
Environmental	
• To be an environment-friendly corporation by combining strategies with everyday actions that collectively contribute to minimise our ecological footprint.	3. Waste Management 4. Energy and Water Efficiency
Social	
• To empower our employees to make positive contributions to the communities we operate in.	5. Talent Attraction and Retention 6. Occupational Health and Safety 7. Training and Development
Governance	
• To uphold a high standard of corporate governance through our commitment to transparency and accountability to stakeholders.	8. Corporate Governance, Business Ethics and Anti-Corruption 9. Enterprise Risk Management

We have performed materiality analysis to identify sustainability issues that are of importance to our business and stakeholders. This assessment helps us bring focus to key areas that we seek to improve on as we make progress in achieving the long-term sustainability of our business.

The materiality review took into account the GRI guidelines and we have prioritised our topics using a materiality matrix. The matrix considers the potential impact of each topic on our business and its significance to stakeholders. In the conduct of the assessment, inputs from stakeholders and independent sustainability consultant were considered.

Our review focuses on four key aspects with nine identified material topics. For each material topic, we report on the relevance of it to our business and stakeholders, and the measures in place to address it.

SUSTAINABILITY REPORT

Topic	Why is this material for us and stakeholders	How we are addressing the issue
Economic Aspect		
Creating Economic Value	Building a business that has sustainable long-term growth prospects, requires us to not only be focused on profit generation, but also on the enhancement of value creation for various stakeholders involved and the community we operate in. It is also in the interest of our stakeholders to ensure that our business is economically viable and growing so that we continue to discharge our duties and obligations.	We seek to create long-term economic value for our stakeholders through the building of a sustainable business and brand. We are constantly looking to improve our product range and expand our geographical influence. To keep up with the ever-changing business environment, we have also engaged in research and development through our internal data analytics team.
Product and Service Quality	Our Group's mission is to provide end-to-end commerce enablement and solution to businesses. We believe that offering quality products and services forms the foundation of the reputation and trust that we seek to build in the markets that we operate in. Therefore, it is in our interest to provide customers with products and services of the highest quality.	We monitor customer's feedback and purchase patterns on online marketplaces to ensure that our product offerings match consumer trends and demand. Additionally, we have developed business and data analytics capabilities to assist in the identification of consumer trends and behaviour to better cater our products and services to match consumer demands.
Environmental Aspect		
Waste Management	Globally, there are increased concerns over the sustainability of waste output as commerce and e-commerce continue to grow. At Synagie, we believe that the integration of waste management efforts in our operations is the main modality for ensuring sustainable business growth. Being able to maximise resource usage and reduce waste output will have a significant impact on the long-term viability of the Group.	For goods packaging, we seek to reuse packaging and pallets to minimise waste output. For our office operations, employees are encouraged to reduce, reuse and recycle paper whenever possible. We have also adopted a paperless invoicing system to reduce paper usage.
Energy and Water Efficiency	We understand that there has been a growing concern amongst stakeholders over carbon emission and global warming. The reduction of energy usage and improving energy efficiency on our part will help to reduce carbon emission and address environment sustainability concerns. We also recognise that investing in energy conservation not only reduces our carbon footprint but also makes business sense in cost savings. Therefore, we are committed to taking measures in minimising our overall energy consumption and improving energy efficiency.	We are committed to improving energy and water efficiency in our daily office operations. We actively track our energy and water usage at our office and seek ways to reduce consumption, such as installing motion-triggered lightings.

SUSTAINABILITY REPORT

Topic	Why is this material for us and stakeholders	How we are addressing the issue
Social Aspect		
Talent Attraction and Retention	The financial strength, performance and ultimate success of Synagie is founded on the commitment, creativity and know-how of our people. High employee turnover increases hiring expenses and has negative impact on the Group's morale. Our commitment to talent retention ensures key workers remain employed while maintaining job performance and productivity.	We are committed to recruiting employees on the basis of merit. We provide opportunities for compensation, promotion and training on a meritocratic basis. Employees are given wide range of benefits, such as flexible working hours and medical insurance, to ensure that they remain driven and motivated to contribute to our Group.
Occupational Health and Safety	A commitment to employee health, safety, and well-being permeates our culture and forms the design of our processes and supply chain. Warehouse and logistics operations exposes our employees to health and safety risks. A safe working environment provides greater assurance to our employees and customers. Moreover, the achievement of accident-free worksites is integral to timely order fulfilment.	Occupational health and safety at Synagie are integrated into our daily operations. We provide employees with the necessary protective equipment and supplements to ensure that they are protected and remain healthy.
Training and Development	The e-commerce industry is constantly re-inventing itself, and there are growing concerns as to whether companies are able to keep up with the evolving business landscape. We believe that investing in talent grooming is key to building internal capabilities in this competitive global war for talent. Providing sufficient training and keeping employees abreast of the latest industry developments will be crucial in ensuring that we continue growing as a company.	We have in place an open annual performance appraisal system where we work together with our employees to identify knowledge gaps and address training needs. Moving forward, we are looking at providing our employees with greater opportunities to partake in industry conventions and seminars to ensure that they are kept abreast of the developments in the industry.
Governance Aspect		
Corporate Governance, Business Ethics and Anti-Corruption	We believe that good corporate governance is the corner stone of any good business. Upholding a high standard of business ethics and conduct serves as a foundation for the trusts and confidence that we wish to establish with all our stakeholders. Therefore, we are committed to building a positive corporate image through exemplary corporate governance and business ethics.	We have zero tolerance towards corruption and fraud. This applies to all employees, including those who are located in foreign jurisdictions. Our intolerance towards corruption and fraud is deeply instilled in our employees through our Code of Business Ethics and Conduct, which is made available to all employees. Our accessible and independent whistleblowing channels, including direct contact with the Audit Committee Chairman, allow our employees to report any suspected wrongdoings without reprisal.

SUSTAINABILITY REPORT

Topic	Why is this material for us and stakeholders	How we are addressing the issue
Enterprise Risk Management	Risk management is recognised as an integral component of good management and governance. Stakeholders are often concerned over the risks that organisations take in their operations. Engaging in an iterative risk management process that involves feedbacks gathered from all stakeholders, will enable us to provide greater assurance to stakeholders in our pursuit of growth for the Group.	At our organisation, we are prudent in managing our risk-reward relationship. Annually, we perform enterprise risk assessment and update our risk register to reflect emerging risks.

ECONOMIC

OBJECTIVE

We aim to revolutionise commerce through our ecosystem and create long-term sustainable value for our stakeholders.

APPROACH

(a) Creating Economic Value

In building a business that has sustainable long-term growth prospects, we have not only focused in profit generation, but also remained focused on growth strategies, to enhance value creation for various stakeholders involved. To achieve our business and growth objectives, we adopt the following strategies:

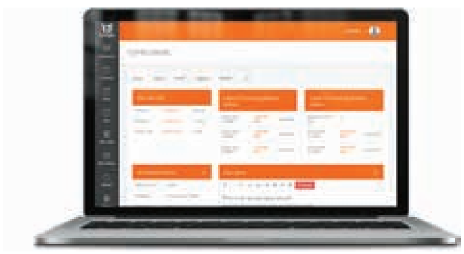

Employees at our new product launch event

Increase number of Brand Partners and optimise product mix

We aim to increase the number of our Brand Partners through regional expansion and by cooperating with our ecosystem partners for Brand Partner referrals. We believe that our strong track record and reputation in Singapore for providing quality end-to-end e-commerce solutions gives us an advantage in new Brand Partner acquisition. We seek to further optimise our product catalogue mix to include more consumer products. As at the end of FY2018, we have more than 270 Brand Partners, with well-known brands such as, Johnson & Johnson, Kimberly-Clark and Shiseido, which use our e-commerce solutions.

Enhance Synagie Platform and Big Data analytics capabilities

Our Group intends to enhance our Synagie Platform through the launch of a Synagie Software as a Service ("SaaS") Platform targeted at SME. Our Group also has plans to roll out value-added services such as trade financing by working with financial institutions which will use our Big Data analytics solutions to provide invoice factoring facilities for online sales.



In addition, we intend to be more involved in the research and development of new technology that will further enhance our Synagie Platform such as Blockchain and Internet of Things.

SUSTAINABILITY REPORT

Expansion of ecosystem and geographical market

As at the end of FY2018, our largest market presence is in Singapore, followed by Malaysia. We aim to continue our geographical market expansion into new jurisdictions in SE Asia such as Philippines, Vietnam, Thailand and Indonesia by replicating our business model and customising our Synagie Platform to meet local requirements. Building on the open architecture of our Synagie Platform, our Group intends to increase connectivity with new ecosystem partners in the region that will help expand our distribution channels so that we may distribute, market and sell products to a larger audience.

Expansion through acquisitions, joint ventures and/or strategic partnerships

We will explore acquisitions, joint ventures and/or strategic partnerships with prudence and will consider opportunities which will complement our existing operations and which are also beneficial to our strategic long-term objectives.

Enhance insurtech business model

We seek to further transform our current insurtech business model, by digitising its core processes and integrating its business operations into our Synagie Platform. We also intend to leverage our Synagie Platform's Artificial Intelligence and Big Data analytics capability to implement enhanced fraud detection mechanisms and to provide the infrastructure for our distribution channel partners or their merchants to offer warranty and protection services to consumers.

(b) Product and Service Quality

Providing quality products and services to our customers is our utmost priority. All our customer service staff undergo customer service training and targeted coaching sessions to address consumer queries, feedback and complaints pertaining to product usage and pricing. We also monitor our response rate to customer feedback and have established key performance indicators for our customer service staff.

Big Data analytics is also employed in the identification of consumer trends and behaviour to better cater our products and services to match consumer demands. Furthermore, to ensure that customers timely receive their orders, we also require our logistics vendors to provide us updates on the delivery statuses of all orders.

OUR PERFORMANCE

Synagie is ranked Number 1 fastest growing technology company in Singapore and Number 22 in Asia Pacific on the Deloitte Technology Fast 500™ Asia Pacific 2018. Rankings are based on percentage of revenue growth over three years.

Frost & Sullivan also rates Synagie as one of the fastest growing e-commerce start-ups in SE Asia, given our historical revenue compounded annual growth rate of 551.8% from 2015 to 2017.

Economic Value Generated by Synagie

S$16.1M

This includes revenue, interest income, and disposal gains

Total Assets

S$22.8M

Value of Synagie's total assets as at end of FY2018

Total Equity

S$8.8M

Value of Synagie's total equity as at end of FY2018

SUSTAINABILITY REPORT

TARGET & PLANS

- Increase the number of Brand Partners and optimise product mix
- Expand our Big Data analytics capabilities and geographical influence
- Enhance insurtech business model
- Attain an average customer response rate of more than 80% across all online distribution channels

ENVIRONMENTAL

OBJECTIVE

We seek to be an environment-friendly corporation by combining strategies with everyday actions that collectively contribute to minimise our ecological footprint.

APPROACH

Synagie engages mainly in e-commerce; our direct environmental impact consists of the use of electricity in our offices and warehouses, packaging materials, and general waste generated from the re-packaging of goods in our warehouses. Even though our direct ecological footprint is relatively small, we believe in doing our part as a global corporate citizen and contributing to global goals of climate change mitigation and resource conservation.

We are supportive of various initiatives undertaken by our Brand Partners to mitigate environmental impacts of our business.

(a) Waste Management

At Synagie, our waste is limited to mainly packaging material, which includes cartons, plastic wraps, strings, wooden pallets and paper.

As part of our commitment to environmental preservation, we have put in concerted efforts to make waste management a part of our operations and processes. We adopt waste management policies and procedures to ensure that our warehouse waste is properly segregated and disposed by appointed licensed vendor.

We also seek to reduce waste disposal through 'reduce, reuse and recycle' of packaging material. Packaging material such as wooden pallets and carton boxes for goods packaging are reused at the warehouse whenever possible. Paper boxes are sold to waste recycling vendors for recycling.

To reduce office paper usage, we have adopted a paper-less system. Instead of sending hard-copy documents to customers and suppliers, we have opted for electronic modes of transmission. Employees are also encouraged to use double-sided printing and to reuse paper whenever possible.

(b) Energy and Water Efficiency

We recognise that investing in energy conservation not only reduces our carbon footprint but also makes business sense in terms of the cost savings. Therefore, we incorporate energy and water saving initiatives into our daily operations. We actively track our energy and water usage at our office and seek ways to reduce consumption, such as installing motion-triggered lightings. We also have employee awareness initiatives to encourage them to turn off lights and air-conditioning in offices when they are not in use.

SUSTAINABILITY REPORT

OUR PERFORMANCE

In FY2018, we have complied with all environmental laws and regulations in the jurisdictions we operate in and there were no fines or penalties incurred for non-compliance.

We have begun tracking our water and electricity usage as we moved into our new office in mid of 2017. Through continuous monitoring and new conservation initiatives, we will be looking at improving our water and electricity efficiency in the following years.

Electricity Usage

18,827

Total office electricity usage in 2018 (kWh)

Electricity Intensity

290

Office electricity usage (kWh) per employee

Water Usage

331

Total office water usage in 2018 (Cu M)

Water Intensity

5.1

Office water usage (Cu M) per employee

TARGET & PLANS

- Set up recycling bins in offices and warehouses
- Monitor and track amount of packaging material and paper used and seek ways to reduce amount of waste by 5% by 2021
- Improve energy and water efficiency – reduce electricity and water intensity by 2%

SOCIAL

OBJECTIVE

Corporate citizenship is a core component of our corporate responsibility strategy and we seek to empower our employees to make positive contributions to the communities we operate in.

APPROACH

(a) Talent Attraction and Retention

Competitive and equitable remuneration

At Synagie, we recognise the importance of a competitive and equitable remuneration scheme in attracting and retaining talents. Therefore, we are committed to providing all employees with equal opportunities for compensation, promotion and training on a meritocratic basis. Annually, we systematically review the work performance of our employees and use the performance evaluation as a basis for their annual salary review. The performance appraisal also provides a platform for open communication between employees and their direct supervisors.

Our employee benefits and human resource policies are also reviewed annually to ensure that they are competitive and aligned with manpower regulations in the jurisdictions we operate in.

SUSTAINABILITY REPORT

Employee benefits and welfare

Employees are given work flexibility and benefits to ensure that they remain motivated and driven. Our flexi-time work arrangement gives employees the flexibility to vary daily work start and end times to suit their work and personal commitments. Synagie also adopts all benefits and welfare practices which conforms to the manpower legislations of the various jurisdictions we operate in.

11.11 Celebration Event

Human rights and freedom of association

We respect the principles of freedom of association, the right to collective bargaining, non-discrimination and harassment, meritocratic and progressive human resource practices, and advocates the elimination of forced or child labour. All employees under the Group are entitled to practice freedom of association, within regulatory limits of each jurisdiction which we operate in.

Diversity

We see great strength in the diversity of our workforce and the potential in each and every one of our employees. Diversity provides different perspectives and fosters innovative thinking to solve business challenges. Our Employee Code of Conduct (the "**Code**") guides us towards this aspiration.

We hire people from different backgrounds and have a diversified workforce across all age groups, races and genders as we value the experiences and knowledge that different individuals bring to the Group. We adopt a firm stance against human rights infringement and discrimination to ensure a conducive work environment for our employees.

(b) Occupational and Safety

A commitment to employee health, safety, and well-being permeates our culture and forms the design of our processes and supply chain.

Warehouse and logistics operations exposes our employees to health and safety risks. A safe working environment provides greater assurance to our employees and customers. Hence, other than establishing safety policies and procedures, we also require all employees to undergo a half-day safety training to ensure that they are aware of the safety practices and precautionary measures at our warehouses. All employees operating Mechanised Handling Equipment ("**MHE**") are also sent for courses and certified to operate the MHE.

Additionally, we provide all warehouse employees with the necessary personal protective equipment, such as safety vest and boots, to ensure that they are well-protected.

Recognising the importance of the state of health of our employees at the warehouses, we also provide them with health supplements, such as fish oil, glucosamine and vitamins, on a daily basis.

All employees in Singapore are covered under a basic medical insurance and benefits program, which insures against any injury or illness sustained in the course of employment that requires medical, surgical or hospital treatment. In addition, we provide travel insurance to employees who requires to regularly travel overseas for business.

SUSTAINABILITY REPORT

(c) Training and Development

Synagie is committed to developing and nurturing our employees so as to form a competent team to drive business goals. We provide opportunities to our employees to participate in learning and development courses in order to upgrade their skills. Through our open annual performance appraisal system, we work together with our employees to identify knowledge gaps and address training needs.

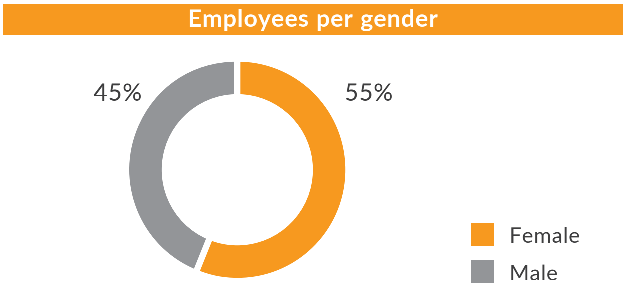
In general, our new employees and junior staff undergo on-the-job training under senior employees who will train and equip them with the necessary knowledge and practical skills required.

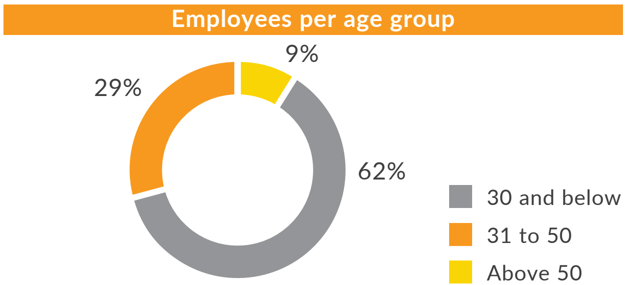
We selectively send our employees to industry conferences, seminars, and trade shows in Singapore, from which they gain industry-specific know-how and insight, and form new business relationships from meeting and interacting with others in our industry. In addition, we may fund part-time courses for some of our employees on a case-by-case basis.

OUR PERFORMANCE

In FY2018, there were no incidents of severe or fatal workplace injuries. We have complied with all manpower regulations in the jurisdictions we operate in and there were no reported incidents of child labour, forced or compulsory labour and discrimination in the reporting year.

Our employee statistics are as follow:





TARGET & PLANS

- Provide more learning and development opportunities for employees by involving employees in industry conventions and seminars
- Partner with academic institutions and governmental organisations to structure training programmes for fresh and mid-level professionals
- Zero workplace incident
- Embark on community service projects with at least 50% employee participation for each event

SUSTAINABILITY REPORT

GOVERNANCE

OBJECTIVE

We seek to uphold a high standard of corporate governance through our commitment to transparency and accountability to stakeholders.

Our Executive Directors, Clement Lee, Olive Tai and Zanetta Lee (from right)

APPROACH

(a) Corporate Governance, Business Ethics and Anti-Corruption

Synagie ensures that the business is conducted in a proper and efficient manner whilst adhering to the principles and guidelines of the Singapore Code of Corporate Governance 2018 and other applicable laws and regulations.

The Board comprises of qualified professionals who possess a diverse range of expertise which contributes towards a balanced view within the Board, ensuring that decisions are made in the best interest of the Group. A committee structure has been established to facilitate the assignment of responsibilities and focus on critical functions.

Sustainability matters is incorporated into the Group's strategy formulations. The Board meets at least twice a year to review and evaluate the key activities and business strategies of the Group.

Key information of the Directors, committees and our corporate governance practices are available on pages 36 and 66 of the Annual Report.

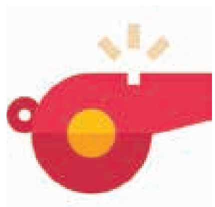
Synagie conducts its business through the application of ethical business practices that is critical in fostering trust and building confidence of its stakeholders and investors. The formulated Code sets out the guidelines and practices which management and all employees are expected to understand, internalise and abide. The Code is found in the Staff Handbook, which is provided to all new employees during their orientation.

Anti-corruption

Synagie has zero tolerance towards corruption and fraud. We are dedicated in conducting ourselves with utmost integrity. Our firm stance is communicated to all employees and reinforced within the Code.

Whistleblowing

A whistleblowing policy has been in place to help employees who have major concerns over any wrong-doing within our Group relating to unlawful conduct, financial malpractice or dangers to our Group, the public or the environment. Our accessible and independent whistleblowing channels, including direct contacts of the Audit Committee Chairman, allow employees to report any suspected wrongdoings without reprisal. We take any harassment or victimisation (including informal pressures) towards the whistle-blower seriously, and will take appropriate action to protect those who raise a concern in good faith.



Data protection and information confidentiality

Synagie acknowledges the importance of protecting our stakeholders' personal data and respecting their privacy. Hence, we have formulated our Data Privacy Policy in line with the Personal Data Protection Act 2012.

SUSTAINABILITY REPORT

(b) Enterprise Risk Management

The constant flux of the business environment has fuelled a heighten need for organisations to identify, measure, prioritise and respond to the risks that threaten business objectives and operations. At our organisation, we are prudent in managing our risk-reward relationship. In FY2018, we carry out enterprise risk assessment to ensure that we account for new risks that arise as we seek new business opportunities. Our top 8 internal risks identified during an external workshop we attended in FY2018 are as follow:

1. Risk of poor management of third party vendors
2. Risk of not meeting service delivery expectations
3. Risk of increasing cost of operations
4. Risk of jeopardising merchant and their customer's data security and protection
5. Risk of fraud, bribery and corruption
6. Risk of having insufficient financial analysis-pricing model for services provided
7. Risk of non-compliance with laws and regulations of other jurisdictions
8. Risk of non-compliance with local laws and regulations

OUR PERFORMANCE

Through our corporate governance and anti-corruption programmes, we have established a good corporate culture within the Group. For the reporting period, there is no incident of employee dismissal or disciplinary case for corruption and fraud. There is also no instance where contract with business partners were terminated or not renewed due to violations related to corruption. We have also not received any whistleblowing reports during the reporting period.

For the reporting period, we have complied with all listing requirements and legal regulations. There are no fines or penalties incurred for regulatory non-compliance.

TARGET & PLANS

- Zero incidents of bribery or corruptions
- Zero non-compliance breaches
- Zero complaints received relating to breaches of customer privacy

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standards	Disclosure No.	Disclosure Title	Cross-Referenced Sections	Page
1. Organisational profile	Disclosure 102-1	**Name of the organization**	AR – Corporate Profile	01
	Disclosure 102-2	**Activities, brands, products, and services**	AR – Corporate Profile	01
	Disclosure 102-3	**Location of headquarters**	AR – Corporate Profile	01
	Disclosure 102-4	**Location of operations**	AR – Corporate Profile	01
	Disclosure 102-5	**Ownership and legal form**	AR – Corporate Structure	16
	Disclosure 102-6	**Markets served**	AR – Corporate Profile AR – Notes to FS (segment information)	01 130 – 133
	Disclosure 102-7	**Scale of the organization**	AR – Financial Review	08 – 09
	Disclosure 102-8	**Information on employees and other workers**	SR – Social	27 – 29
	Disclosure 102-9	**Supply chain**	AR – Chairman's Message AR – CEO's Message	04 – 07
	Disclosure 102-10	**Significant changes to the organization and its supply chain**	AR – Chairman's Message AR – CEO's Message AR – Financial Review	04 – 09
	Disclosure 102-11	**Precautionary Principle or approach**	SR – Governance	30 – 31
	Disclosure 102-12	**External initiatives**	AR – Chairman's Message AR – CEO's Message	04 – 07
	Disclosure 102-13	**Membership of associations**	None.	–
2. Strategy	Disclosure 102-14	**Statement from senior decision-maker**	AR – Chairman's Message AR – CEO's Message	04 – 07
	Disclosure 102-15	**Key impacts, risks and opportunities**	SR- Materiality assessment	20 – 21
3. Ethics and integrity	Disclosure 102-16	**Values, principles, standards, and norms of behaviour**	SR – Managing Sustainability at Synagie	18
	Disclosure 102-17	**Mechanisms for advice and concerns about ethics**	SR – Stakeholder engagement	19 – 20
4. Governance	Disclosure 102-18	**Governance structure**	AR – Board of Directors, Executive Officers AR – Corporate Information	10 – 15 35
	Disclosure 102-19	**Delegating authority**	SR – Sustainability Committee	18
	Disclosure 102-20	**Executive-level responsibility for economic, environmental, and social topics**	SR – Sustainability Committee	18
	Disclosure 102-21	**Consulting stakeholders on economic, environmental, and social topics**	SR – About this report – Email SR – Stakeholder engagement	18 – 20
	Disclosure 102-22	**Composition of the highest governance body and its committees**	AR – Board of Directors, Executive Officers AR – Corporate Governance	10 – 15 36 – 66
	Disclosure 102-23	**Chair of the highest governance body**	AR – Board of Directors, Executive Officers	10 – 15
	Disclosure 102-24	**Nominating and selecting the highest governance body**	AR – Corporate Governance	36 – 66
	Disclosure 102-25	**Conflicts of interest**	AR – Corporate Governance SR – Governance	36 – 66 30 – 31
	Disclosure 102-26	**Role of highest governance body in setting purpose, values, and strategy**	SR – Sustainability Committee	18
	Disclosure 102-27	**Collective knowledge of highest governance body**	AR – Corporate Governance SR – Stakeholder engagement	36 – 66 19 – 20
	Disclosure 102-28	**Evaluating the highest governance body's performance**	SR – Sustainability Committee	18
	Disclosure 102-29	**Identifying and managing economic, environmental, and social impacts**	SR – Materiality assessment	20 – 24
	Disclosure 102-30	**Effectiveness of risk management processes**	AR – Board of Directors, Executive Officers AR – Corporate Governance	10 – 15 36 – 66
	Disclosure 102-31	**Review of economic, environmental, and social topics**	Annually	–
	Disclosure 102-32	**Highest governance body's role in sustainability reporting**	SR – Sustainability Committee	18
	Disclosure 102-33	**Communicating critical concerns**	SR – Stakeholder engagement	19 – 20
	Disclosure 102-34	**Nature and total number of critical concerns**	Nil	–
	Disclosure 102-35	**Remuneration policies**	AR – Corporate Governance (Remuneration Matters)	55 – 58
	Disclosure 102-36	**Process for determining remuneration**		
	Disclosure 102-37	**Stakeholders' involvement in remuneration**		
	Disclosure 102-38	**Annual total compensation ratio**		
	Disclosure 102-39	**Percentage increase in annual total compensation ratio**		
5. Stakeholder engagement	Disclosure 102-40	**List of stakeholder groups**	SR – Stakeholder engagement	19 – 20
	Disclosure 102-41	**Collective bargaining agreements**		
	Disclosure 102-42	**Identifying and selecting stakeholders**		
	Disclosure 102-43	**Approach to stakeholder engagement**		
	Disclosure 102-44	**Key topics and concerns raised**		

SUSTAINABILITY **REPORT**

GRI Standards	Disclosure No.	Disclosure Title	Cross-Referenced Sections	Page
6. Reporting practice	Disclosure 102-45	**Entities included in the consolidated financial statements**	AR – Corporate Structure AR – Notes to FS: Investments in subsidiaries	16 118
	Disclosure 102-46	**Defining report content and topic Boundaries**	SR – About this report	18
	Disclosure 102-47	**List of material topics**	Materiality Table	20 – 21
	Disclosure 102-48	**Restatements of information**	None. First-time implementing Sustainability Reporting	–
	Disclosure 102-49	**Changes in reporting**	None. First-time implementing Sustainability Reporting	–
	Disclosure 102-50	**Reporting period**	FY2018	–
	Disclosure 102-51	**Date of most recent report**	None. First-time implementing Sustainability Reporting	–
	Disclosure 102-52	**Reporting cycle**	Annual	–
	Disclosure 102-53	**Contact point for questions regarding the report**	SR – About this report	18
	Disclosure 102-54	**Claims of reporting in accordance with the GRI Standards**	This report has been prepared in accordance with the GRI Standards: Core option	–
	Disclosure 102-55	**GRI content index**	SR – GRI content index	32 – 34
	Disclosure 102-56	**External assurance**	AR – Independent Auditor's Report	72 – 75
Topic-specific disclosures				
GRI201: Economic Performance	Disclosure 201-1	**Direct economic value generated and distributed**	AR – Financial Review AR – Consolidated income statement, Consolidated statement of cash flows	08 – 09 77, 81
	Disclosure 201-2	**Financial implications and other risks and opportunities due to climate change**	N/A, Impact of business on environment and climate is insignificant	–
	Disclosure 201-3	**Defined benefit plan obligations and other retirement plans**	AR – Financial Review AR – Consolidated income statement	08 – 09 77
	Disclosure 201-4	**Financial assistance received from government**		
GRI 202: Market Presence	Disclosure 202-1	**Ratios of standard entry level wage by gender compared to local minimum wage**	N/A, no minimum wage law.	–
	Disclosure 202-2	**Proportion of senior management hired from the local community**	AR – Executive Officers	14 – 15
GRI 203: Indirect Economic Impacts	Disclosure 203-1	**Infrastructure investments and services supported**	SR – Economic	24 – 25
	Disclosure 203-2	**Significant indirect economic impacts**		
GRI 204: Procurement Practices	Disclosure 204-1	**Proportion of spending on local suppliers**	N/A, suppliers are mostly determined by our Brand Partners.	–
GRI 205: Anti-Corruption	Disclosure 205-1	**Operations assessed for risks related to corruption**	SR – Governance	30 – 31
	Disclosure 205-2	**Communication and training about anti-corruption policies and procedures**		
	Disclosure 205-3	**Confirmed incidents of corruption and actions taken**		
	Disclosure 206-1	**Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices**		
GRI 206: Anti-Competitive Behaviour	Disclosure 206-1	**Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices**	No reported cases during reported period.	–
GRI 301: Materials	Disclosure 301-1	**Materials used by weight or volume**	SR – Environment	26 – 27
	Disclosure 301-2	**Recycled input materials used**		
	Disclosure 301-3	**Reclaimed products and their packaging materials**		
GRI 302: Energy	Disclosure 302-1	**Energy consumption within the organisation**	SR – Environment	26 – 27
	Disclosure 302-2	**Energy consumption outside of the organization**		
	Disclosure 302-3	**Energy intensity**		
	Disclosure 302-4	**Reduction of energy consumption**		
	Disclosure 302-5	**Reductions in energy requirements of products and services**		
GRI 303: Water	Disclosure 303-1	**Water withdrawal by source**	N/A, water use in our operations is not significant.	–
	Disclosure 303-2	**Water sources significantly affected by withdrawal of water**		
	Disclosure 303-3	**Water recycled and reused**		
	Disclosure 303-4	**Water discharge**		
	Disclosure 303-5	**Water consumption**		
GRI 304: Biodiversity	Disclosure 304-1	**Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**	N/A, our offices and operations are not carried out in protected areas and areas of high biodiversity.	–
	Disclosure 304-2	**Significant impacts of activities, products, and services on biodiversity**		
	Disclosure 304-3	**Habitats protected or restored**		
	Disclosure 304-4	**IUCN Red List species and national conservation list species with habitats in areas affected by operations**		
GRI 305: Emissions	Disclosure 305-1	**Direct (Scope 1) GHG emissions**	N/A, our offices and operations do not produce significant levels of GHG.	–
	Disclosure 305-2	**Energy indirect (Scope 2) GHG emissions**		
	Disclosure 305-3	**Other indirect (Scope 3) GHG emissions**		
	Disclosure 305-4	**GHG emissions intensity**		
	Disclosure 305-5	**Reduction of GHG emissions**		
	Disclosure 305-6	**Emissions of ozone-depleting substances (ODS)**		
	Disclosure 305-7	**Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions**		
GRI 306: Effluents and Waste	Disclosure 306-1	**Water discharge by quality and destination**	N/A, our offices and operations do not discharge significant level of water. We do not produce hazardous waste during our operations.	–
	Disclosure 306-2	**Waste by type and disposal method**		
	Disclosure 306-3	**Significant spills**		
	Disclosure 306-4	**Transport of hazardous waste**		
	Disclosure 306-5	**Water bodies affected by water discharges and/or runoff**		

SUSTAINABILITY REPORT

GRI Standards	Disclosure No.	Disclosure Title	Cross-Referenced Sections	Page
GRI 307: Environmental Compliance	Disclosure 307-1	**Non-compliance with environmental laws and regulations**	SR – Environment	26 – 27
GRI 308: Supplier Environmental Assessment	Disclosure 308-1	**New suppliers that were screened using environmental criteria**	SR – Environment	26 – 27
	Disclosure 308-2	**Negative environmental impacts in the supply chain and actions taken**		
GRI 401: Employment	Disclosure 401-1	**New employee hires and employee turnover**	SR – Social	27 – 29
	Disclosure 401-2	**Benefits provided to full-time employees that are not provided to temporary or part-time employees**		
	Disclosure 401-3	**Parental leave**		
GRI 402: Labor/ Management Relations	Disclosure 402-1	**Minimum notice periods regarding operational changes**	N/A, no collective bargaining agreements.	–
GRI 403: Occupational Health and Safety	Disclosure 403-1	**Workers representation in formal joint management-worker health and safety committees**	SR – Social	27 – 29
	Disclosure 403-2	**Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities**		
	Disclosure 403-3	**Workers with high incidence or high risk of diseases related to their occupation**		
	Disclosure 403-4	**Health and safety topics covered in formal agreements with trade unions**		
	Disclosure 403-5	**Worker training on occupational health and safety**		
	Disclosure 403-6	**Promotion of worker health**		
	Disclosure 403-7	**Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**		
	Disclosure 403-8	**Workers covered by an occupational health and safety management system**		
	Disclosure 403-9	**Work-related injuries**		
	Disclosure 403-10	**Work-related ill health**		
GRI 404: Training and Education	Disclosure 404-1	**Average hours of training per year per employee**	SR – Social We will be monitoring training hours per employee in the following financial year.	27 – 29
	Disclosure 404-2	**Programs for upgrading employee skills and transition assistance programs**		
	Disclosure 404-3	**Percentage of employees receiving regular performance and career development reviews**		
GRI 405: Diversity and Equal Opportunity	Disclosure 405-1	**Diversity of governance bodies and employees**	AR- Board of Directors, Executive Officers SR – Social	10 – 15 27 – 29
	Disclosure 405-2	**Ratio of basic salary and remuneration of women to men**	SR – Social	27 – 29
GRI 406: Non-discrimination	Disclosure 406-1	**Incidents of discrimination and corrective actions taken**	No reported cases during reported period.	–
GRI 407: Freedom of Association and Collective Bargaining	Disclosure 407-1	**Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk**	N/A, no collective bargaining agreements.	–
GRI 408: Child Labour	Disclosure 408-1	**Operations and suppliers at significant risk for incidents of child labour**	We have not identified this risk in our course of normal operations.	–
GRI 409: Forced or Compulsory Labour	Disclosure 409-1	**Operations and suppliers at significant risk for incidents of forced or compulsory labor**	We have not identified this risk in our course of normal operations.	–
GRI 410: Security Practices	Disclosure 410-1	**Security personnel trained in human rights policies or procedures**	N/A, security is outsourced and not relevant to operations.	–
GRI 411: Rights of Indigenous Peoples	Disclosure 411-1	**Incidents of violations involving rights of indigenous peoples**	N/A, operations do not involve interactions with indigenous people	–
GRI 412: Human Rights Assessment	Disclosure 412-1	**Operations that have been subject to human rights reviews or impact assessments**	SR – Social	27 – 29
	Disclosure 412-2	**Employee training on human rights policies or procedures**		
	Disclosure 412-3	**Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening**		
GRI 413: Local Communities	Disclosure 413-1	**Operations with local community engagement, impact assessments, and development programs**	SR – Social	27 – 29
	Disclosure 413-2	**Operations with significant actual and potential negative impacts on local communities**		
GRI 414: Supplier Social Assessment	Disclosure 414-1	**New suppliers that were screened using social criteria**	N/A, suppliers are mostly determined by Brand Partners.	–
	Disclosure 414-2	**Negative social impacts in the supply chain and actions taken**		
GRI 415: Public Policy	Disclosure 415-1	**Political contributions**	N/A, no contributions made to political parties.	–
GRI 416: Customer Health and Safety	Disclosure 416-1	**Assessment of the health and safety impacts of product and service categories**	No incident of non-compliance.	–
	Disclosure 416-2	**Incidents of non-compliance concerning the health and safety impacts of products and services**		
GRI 417: Marketing and Labelling	Disclosure 417-1	**Requirements for product and service information and labelling**	No reported cases during reported period.	–
	Disclosure 417-2	**Incidents of non-compliance concerning product and service information and labelling**		
	Disclosure 417-3	**Incidents of non-compliance concerning marketing communications**		
GRI 418: Customer Privacy	Disclosure 418-1	**Substantiated complaints concerning breaches of customer privacy and losses of customer data**	No reported cases during reported period.	–
GRI 419: Socioeconomic Compliance	Disclosure 419-1	**Non-compliance with laws and regulations in the social and economic area**	No reported cases during reported period.	–

CORPORATE **INFORMATION**

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
Executive Director
MR CHUA HWEE SONG
Non-Executive and Independent Director
MR KOH CHIA LING
Non-Executive and Independent Director
MR CHUE EN YAW
Non-Executive and Independent Director

COMPANY SECRETARY
MS SIAU KUEI LIAN

AUDIT COMMITTEE
MR CHUA HWEE SONG (Chairman)
MR KOH CHIA LING
MR CHUE EN YAW

REMUNERATION COMMITTEE
MR LIM CHUAN POH (Chairman)
MR KOH CHIA LING
MR CHUE EN YAW

NOMINATING COMMITTEE
MR KOH CHIA LING (Chairman)
MR LIM CHUAN POH
MR CHUA HWEE SONG

REGISTERED OFFICE
SYNAGIE CORPORATION LTD.
(Registration No. 201717972D)
38 Jalan Pemimpin
#05-09, M38
Singapore 577178

BANKERS
UNITED OVERSEAS BANK
OVERSEAS-CHINESE BANKING CORPORATION LIMITED

SHARE REGISTRAR
RHT CORPORATE ADVISORY PTE. LTD.
9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619

CONTINUING SPONSOR
RHT CAPITAL PTE. LTD.
9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619
Registered Professional: Mr Khong Choun Mun

AUDITORS
DELOITTE & TOUCHE LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Partner in-charge: Mr Adrian Chia Jet Wui
(Appointed with effect from 28 March 2018)

CORPORATE **GOVERNANCE**

The Listing Manual – Section B: Rules of Catalist ("**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") require an issuer to describe in its annual report its corporate governance practices with specific reference to the principles and the provisions of the Code. An issuer must comply with the principles of the Code. Where an issuer's practices vary from any provisions of the Code, it must explicitly state, in its annual report, the provision from which it has varied, explain the reasons for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

On 6 August 2018, the Monetary Authority of Singapore (MAS) issued the revised Code of Corporate Governance (the "**2018 Code**") and accompanying Practice Guidance, which supersedes the existing Code of Corporate Governance issued in 2012 (the "**2012 Code**"), is applicable to Company's annual report relating to financial year commencing 1 January 2019. Notwithstanding the Company's annual report financial year commenced on 1 January 2018, the Company has adopted the 2018 Code.

The Board of Directors (the "**Board**") and the Management of Synagie Corporation Ltd. ("**Synagie**" or the "**Company**") wish to assure its shareholders that they are committed to maintaining a high standard of corporate governance to protect the interests of shareholders, employees and other stakeholders, and to promote investors' confidence.

In accordance with Rule 710 of the Catalist Rules, this Corporate Governance Report dated 28 March 2019 (the "**Report**") sets out the Company's corporate governance practices with specific reference to the principles and the provisions of the Code, which have been adopted based on the 2018 Code. The Company believes that it has largely complied with the spirit and intent of the 2018 Code and in areas where the Company's practices have deviated from the 2018 Code, rationale for the same is provided herein.

The Code is divided into five main sections, namely:

A. BOARD MATTERS
B. REMUNERATION MATTERS
C. ACCOUNTABILITY AND AUDIT
D. SHAREHOLDER RIGHTS AND ENGAGEMENT
E. MANAGING STAKEHOLDERS RELATIONSHIPS

A. BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board's principal roles include promoting long-term shareholder value, ensuring that the businesses of the Company and its subsidiaries (collectively referred herein as the "**Group**") are effectively managed and properly conducted by Management and ensuring proper observance of corporate governance practices, which includes setting of code of conduct and ethics, appropriate tone-from-the-top and desired organisational culture, and ensure proper accountability within the Group. The Board has put in place policies and procedures for dealing with conflict of interest. Where the Director faces a conflict of interest, he or she would recuse himself and herself from discussions and decision involving the issues of conflict. All Directors objectively discharge their duties and responsibilities as fiduciaries and take decisions in the best interest of the Group at all times.

CORPORATE **GOVERNANCE**

In addition to statutory duties and responsibilities, the Board's duties, including the matters to be approved by the Board are set out as follows:

(a) reviewing and approving the annual budget;

(b) reviewing and approving key business and financial strategies and objectives for the Group;

(c) reviewing and approving major corporate and/or financial restructuring and/or share issuance;

(d) reviewing and approving major transactions, including acquisitions, divestments, investments and capital expenditure;

(e) ensuring internal controls are in place and functional for the Group's continuing operations and enables risks to be assessed and managed;

(f) overseeing risk management strategies;

(g) reviewing and approving half yearly and full year annual results announcements;

(h) reviewing and approving the annual report and audited financial statements;

(i) reviewing and providing guidance to the Management of the Company;

(j) ensuring the adequacy of necessary financial and human resources to meet the Group's objectives;

(k) providing entrepreneurial leadership and setting strategic directions;

(l) establishing and maintaining the Company's values and standards and ensuring obligations to shareholders and others are understood and met;

(m) approving nominations to the Board and appointments of key personnel;

(n) ensuring the Group's compliance with all relevant and applicable laws and regulations;

(o) assuming responsibility for the corporate governance of the Company; and

(p) setting the Group's values and standards, which includes, code of conduct and ethics, tone-from-the-top and desired organisational culture.

The Board has set up three Committees to assist in the execution of the Board's responsibilities. These Committees include the Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Audit Committee ("**AC**") (Collectively, "**Board Committees**"). Each Committee functions within clearly defined terms of its respective Terms of Reference ("**TOR**"). In particular, the NC reviews the effectiveness of the Board, AC, and RC, as well as each individual Director annually, while the Board reviews the effectiveness of the NC annually.

CORPORATE **GOVERNANCE**

Directors' Attendance at Board, Board Committees Meetings and other Additional Meetings

The Board meets at least two times each year and at other times as and when required. Board Committees meet at certain time periods in accordance with their respective TOR or as needed.

Meetings are held in person and by telephone conference to enable the widest possible participation by Directors, taking into account those who may be in different geographical locations. The Directors meet the Management in person or discuss via email. Where a decision has to be made before a Board meeting or Board Committees' meeting is convened, directors' resolutions in writing are circulated in accordance with the Constitution of the Company and the Directors are also provided with all relevant information and documents to allow them to make informed decisions.

The attendance of the Directors at meetings of the Board and Board Committees in the financial year ended 31 December 2018 ("**FY2018**") is as follows:

Name of Director	Board	AC	NC	RC
Number of Meetings Held				
	3	2	2	2
Number of Meetings Attended				
Lim Chuan Poh	3	2	2	2
Clement Lee Shieh-Peen	3	2	2	2
Tai Ho Yan	3	2	2	2
Zanetta Lee Yue	3	2	2	2
Chua Hwee Song	2	2	2	2
Koh Chia Ling	3	2	2	2
Chue En Yaw	3	2	2	2

The Board's approval is required for all major matters such as corporate restructuring, mergers and acquisitions, investments, acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's half yearly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends. All other matters are delegated to Board Committees whose actions are reported to and monitored by the Board.

In the event that a Director is interested in any transactions of the Group, he shall be obliged to inform the Board accordingly and abstain from making any recommendations or decisions in relation to that transaction.

The matters delegated are listed out in the TOR of each committee.

The Board approved, *inter alia*, the following policies at its first board meeting on 12 September 2018, after the listing on Catalist on 8 August 2018:

(a) Approval limits for various expenditures;

(b) Banking and Treasury approval limits and authorised signatories; and

(c) Compliance Reporting Policy, which includes, the matters reserved for the Board's decision and approval matrix,

so that Management and the Board have clear directions on matters that must be approved by the Board.

CORPORATE **GOVERNANCE**

The Company has a training budget for its Directors to attend courses and seminars, which is utilised as and when needed. The Company relies on and encourages its Directors to update themselves on new laws, regulations and changing commercial risks in the industry. Accordingly, information on courses or seminars in relation to the roles and responsibilities as a director of a listed company as well as revisions to laws or regulations (which are applicable to the Company) are disseminated to Directors.

The Company also has in place orientation programmes for newly-appointed Directors to ensure that they are familiar with the Group's structure, the Group's business, and its operations. New Director(s) will be expected to undergo orientation with the Company which includes meeting with the Chairman and/or the Executive Director(s) for an introduction to the business of the Company.

Newly appointed Directors are encouraged to attend formal courses to familiarise themselves with the regulatory environment in Singapore and the roles and responsibilities as a director of a listed company.

Prior to the listing of the Company, Mr Lim Chuan Poh, Mr Chua Hwee Song, Mr Koh Chia Ling and Mr Chue En Yaw were appointed on 28 June 2018 ("**New Directors**"). Management had conducted an orientation for the New Directors to introduce the Group's business and its operations. All Directors were actively involved in the verification meetings during the initial public offering ("**IPO**") process, where they sought advice and guidance from external advisors as part of their induction programme. Each Director is provided with an updated manual containing Board and Company policies relating to the disclosure of interests in securities and conflicts of interests in transactions involving the Company, prohibitions on dealings in the Company's securities, as well as restrictions on the disclosure of price sensitive information.

Ms Tai Ho Yan, Ms Zanetta Lee Yue, Mr Koh Chia Ling and Mr Chue En Yaw are Directors with no prior experience as a director of listed companies in Singapore. They had attended a formal course on compliance, regulatory and corporate governance matters.

The external auditors also briefed the AC members on the developments in accounting standards (where applicable) during AC meetings whilst the Company Secretary periodically updates the Board on any changes in the regulatory environment in Singapore as well as those pertaining to the roles and responsibilities of a director of a listed company.

In order to ensure that the Board is able to contribute in a meaningful manner during Board meetings, the Management provides the members of the Board with management accounts at each Board meeting, as well as relevant background information and documents relating to the items of business to be discussed at each Board meeting, such as copies of disclosure documents, budgets, forecasts and internal financial statements, before the scheduled meeting. Key information relating to the Company's operations and finances are also circulated to the Board via email so that the Directors may monitor with ease the Company's performance as well as the Management's fulfilment of goals and objectives set by the Board.

The Directors are also regularly briefed by the Management of the Company on the business activities of the Company. The Directors are responsible for the Company's strategic directions as well as its corporate practices and are accordingly briefed by the Management of the Company on the day-to-day implementation of such strategic directions and corporate practices.

CORPORATE **GOVERNANCE**

The Directors have separate and independent access to the Management of the Company, including the Chief Executive Officer ("**CEO**"), and Group Financial Controller ("**Group FC**") and Company Secretary of the Company. The Company Secretary and/or representatives from the Company Secretary's office attends all meetings of the Board and the Board Committees and prepares the minutes of such meetings. The minutes of such meetings are then circulated to the Board and the Board Committees, as the case may be. The Company Secretary also advises the Board on governance matters and ensures that the procedures for such meetings are in accordance with the Constitution and Terms of Reference and all applicable rules and regulations (including the requirements of the Singapore Companies Act, Cap. 50 and the Catalist Rules) are complied with. Further to the above, the Company Secretary helps to facilitate communications within the Board and the Board Committees and between Management and the Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Company allows Directors to take independent professional advice on matters affecting the Company, and such costs will be borne by the Company. Further to the above, Directors have, at all times, unrestricted access to the Company's records and information.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

As at the date of this Report, the Board comprises the following members:

Name	Designation
Lim Chuan Poh	Non-Executive and Independent Chairman
Clement Lee Shieh-Peen	Executive Director and CEO
Tai Ho Yan	Executive Director
Zanetta Lee Yue	Executive Director
Chua Hwee Song	Non-Executive and Independent Director
Koh Chia Ling	Non-Executive and Independent Director
Chue En Yaw	Non-Executive and Independent Director

Under the Constitution of the Company, the Board must comprise a minimum of two members. However, the Constitution of the Company does not impose any limit on the maximum number of Directors the Company may appoint. The composition of the Board is also reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise, skill, knowledge, experience and gender diversity, and collectively possess the necessary core competencies for the effective functioning of and informed decision making in the Company.

Pursuant to its review of the Board's size for FY2018, the NC is of the view that the Board's size of seven Directors as at the date of this Report is appropriate and that the Board possesses the appropriate diversity – being a mix of skill, knowledge, expertise and experience to provide core competencies in areas such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and experience or knowledge that are relevant to the direction of the expansion of the Group. The current Board comprises of two female Directors and five male Directors with an age group ranging from 42 to 63 years old.

The Board has a strong element of independence. In FY2018, four of the seven Directors are Non-Executive and Independent Directors, a majority of whom are Independent Directors. Mr Clement Lee Shieh-Peen, Ms Tai Ho Yan and Ms Zanetta Lee Yue are the Executive Directors and Mr Lim Chuan Poh, Mr Chua Hwee Song, Mr Koh Chia Ling and Mr Chue En Yaw are the Non-Executive and Independent Directors, appointed to the Board.

CORPORATE **GOVERNANCE**

The Non-Executive and Independent Directors also set aside time to meet without the presence of Management at each Board meeting, where necessary, to discuss matters such as the Group's financial performance, succession planning, board evaluation performance as well as leadership development and remuneration of CEO. During the year, the Non-Executive and Independent Directors also held one session to discuss with internal auditors on the internal audit matters, and leadership development of the Group without the presence of Management.

As the Non-Executive and Independent Chairman is not the same person as the CEO and not an immediate family member of the CEO or part of the Management team, it is not a requirement for the Independent Directors to make up majority of the Board pursuant to Provision 2.2 of the 2018 Code. Nevertheless, the current composition of the Board complies with Provisions 2.2 and 2.3 of the 2018 Code where the Non-Executive and Independent Directors make up majority of the Board.

The Board and the NC are also of the view that the Board can exercise independent judgement on corporate affairs and that no one individual or group(s) of individuals dominates any decision-making process. There is currently no Independent Director who has served on the Board for more than nine years.

There are no alternate directors appointed to the Board as at the date of this Report.

Key information on each Director is set on pages 10 to 13 of the Annual Report.

The Board has no dissenting views on the Chairman's message for the year under review.

PRINCIPLE 3: CHAIRMAN AND CEO

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

As at the date of this Report, the Company has a Non-Executive and Independent Chairman, three Non-Executive and Independent Directors, three Executive Directors, including the CEO. In addition, the Company also has a Group FC with specific areas of responsibility within the Company. There is a clear division of responsibilities between the Non-Executive and Independent Directors, and the Management of the Company, who are also not related to each other.

The responsibilities of the Non-Executive and Independent Chairman include the following:

(a) leading the Board, ensuring its effectiveness in all aspects of its role, and setting out its agenda;

(b) ensuring that the Directors receive complete, adequate, accurate, timely and clear information;

(c) critiquing key proposals by Management before they are presented to the Board;

(d) ensuring effective communication with shareholders;

(e) encouraging constructive relations between the Board and Management;

(f) facilitating the effective contribution of the Non-Executive and Independent Directors towards the Company;

(g) encouraging constructive relations between the Executive Directors and Non-Executive and Independent Directors; and

(h) promoting high standards of corporate governance.

CORPORATE **GOVERNANCE**

Mr Lim Chuan Poh is the Chairman of the Board. He was appointed as the Non-Executive and Independent Chairman on 28 June 2018. Mr Clement Lee Shieh-Peen is the Executive Director and CEO of the Company and he was appointed on 28 June 2017.

Accordingly, the Chairman and the CEO are separate persons and they are not immediate family members (i.e. the person's spouse, child, adopted child, step-child, brother, sister and parent) or have close family ties with each other (i.e. family relationship between two parties which extend beyond immediate family members and could influence the impartiality of the Chairman).

The CEO is engaged in the overall management of the Company. The CEO's responsibilities pertaining to the Board include the following:

(a) scheduling meetings that enable the Board to perform its duties responsibly;

(b) preparing meeting agendas in consultation with the Non-Executive and Independent Chairman;

(c) ensuring quality, quantity and timeliness of the flow of information between the Management and the Board; and

(d) assisting to ensure compliance with the Company's guidelines on corporate governance.

The CEO manages the business of the Company, implements the Board's decisions and monitors the translation of the Board's decisions into executive action. He reviews and approves the agendas for the Board meetings. He exercises control over the quality, quantity and timeliness of information flow between the Board and Management.

Mr Clement Lee Shieh-Peen, the CEO of the Company who is also an Executive Director, Ms Tai Ho Yan and Ms Zanetta Lee Yue, the other two Executive Directors, are engaged in the overall management of the Company's business. In addition to managing the business of the Company, the Executive Directors and CEO also implement the Board's decisions and monitor the translation of the Board's decisions into executive action.

The Group FC is engaged to oversee the finance, accounting and treasury functions of the Company's businesses. In addition to overseeing the finance responsibilities in the Company, the Group FC also assists the CEO in the day-to-day management of the Company.

The Board is of the view that the roles of the Non-Executive and Independent Chairman, the three Non-Executive and Independent Directors, Executive Director and CEO, the two Executive Directors and Group FC are separate, thereby ensuring an appropriate balance of power between them and creating increased accountability in both the Board and Management, as well as enabling greater capacity of the Board for independent decision-making, without any concentration of power or influence residing in any individual. In view thereof, there is no need for the Company to have a lead independent director.

CORPORATE **GOVERNANCE**

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

The NC comprises the following members:

Koh Chia Ling (Chairman)	Non-Executive and Independent Director
Lim Chuan Poh	Non-Executive and Independent Director
Chua Hwee Song	Non-Executive and Independent Director

The NC meets at least once a year in accordance with its TOR and at other times as required.

The responsibilities of the NC in relation to Board appointments include the following:

(a) making recommendations to our Board on all board appointments, including re-nominations, having regard, to the director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an independent director;

(b) determining annually whether or not a director is independent;

(c) in respect of a director who has multiple board representations in various companies, deciding whether or not such director is able to and has been adequately carrying out his/her duties as director, having regard to the competing time commitments that are faced when serving on multiple boards;

(d) reviewing and approving any new employment of related persons and the proposed terms of their employment;

(e) reviewing our directors' mix of skills, experience, core competencies and knowledge of the Company and its subsidiaries that our Board requires to function competently and efficiently;

(f) reviewing succession plans for our Executive Directors and key management personnel;

(g) reviewing the training and professional development programs for the Board;

(h) determining and recommending to the Board the maximum number of listed company board representations which any director may hold and disclosing this in the Company's annual report; and

(i) deciding how the Board's performance is to be evaluated and proposing objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value. The Board will also implement a process to be proposed by the Committees for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual director to the effectiveness of the Board (if applicable).

CORPORATE GOVERNANCE

In the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC will review the change to be implemented and make recommendations to the Board accordingly.

For the appointment of new Directors, the NC will, in consultation with the Board, examine the existing Board's strength, capabilities and the existing Directors' contribution in terms of skills, knowledge and experience to the Company and the Board. The NC will take into account the future needs of the Company and together with the Board, it will seek candidates who are able to contribute to the Company. The NC seeks candidates widely and beyond persons directly known to the existing Directors. The NC recommends suitable candidates to the Board and if such candidates are appointed, announcements relating to their appointment shall be released via SGXNET.

In the event of cessation of any individuals as Director or executive officer, the Chairman of the NC will conduct exit interviews with the Director or executive officer, as the case may be, and announcements, where required pursuant to the Catalist Rules, relating to such cessation will also be released via SGXNET.

The Chairman of the NC reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. Members of the NC comprise persons of stature, integrity and accountability, who are able to exercise independent judgment in the performance of their duties.

The dates of initial appointment and last re-election of each Director are set out as follows:

Name of Director	Designation	Date of First Appointment	Date of last re-election
Lim Chuan Poh	Non-Executive and Independent Chairman	28 June 2018	–
Clement Lee Shieh-Peen	Executive Director and CEO	28 June 2017	–
Tai Ho Yan	Executive Director	28 June 2017	–
Zanetta Lee Yue	Executive Director	28 June 2017	–
Chua Hwee Song	Non-Executive and Independent Director	28 June 2018	–
Koh Chia Ling	Non-Executive and Independent Director	28 June 2018	–
Chue En Yaw	Non-Executive and Independent Director	28 June 2018	–

CORPORATE **GOVERNANCE**

A list of directorships of the Directors of the Board in other listed companies, as well as their interests in the Company and related corporations (if any) as at the date of this Report are set out below:

Name of Directors	Directorship in Listed Company		Principal Commitments	Shareholding in the Company and related corporation	
	Present	**Past Preceding three years**		**Direct**	**Indirect**
Lim Chuan Poh	Nil	Nil	Nil	Nil	Nil
Clement Lee Shieh-Peen	Nil	Nil	Executive Director and CEO of Synagie	Nil	62,064,060 ordinary shares[(1)]
Zanetta Lee Yue	Nil	Nil	Executive Director of Synagie	9,210,600 ordinary shares	Nil
Tai Ho Yan	Nil	Nil	Executive Director of Synagie	7,875,000 ordinary shares	Nil
Chua Hwee Song	Nil	• Rowsley Ltd.; and • CWG International Ltd.	• Group Chief Financial Officer of Singapore Press Holdings Ltd ("**SPH**"); and • Nominee Directors for SPH Group of Companies	Nil	Nil
Koh Chia Ling	Nil	Nil	Managing Director of OC Queen Street LLC	Nil	Nil
Chue En Yaw	Nil	Nil	Managing Director, Head of Private Equity Funds, of Azalea Investment Management Pte. Ltd.	1,484,481 ordinary shares	Nil

(1) Mr Clement Lee Shieh-Peen is the sole shareholder and beneficial owner of Metadrome Ltd ("**Metadrome**"). Metadrome owns 23.7% interest in the Company. Pursuant to Section 7 of the Companies Act, Cap. 50 Singapore, Mr Clement Lee Shieh-Peen is deemed to be interested in 62,064,060 ordinary shares in the Company and all the shares in the subsidiaries of the Company.

CORPORATE **GOVERNANCE**

The NC does not currently set a cap on the maximum number of directorships that Directors may hold. Nevertheless, the NC shall meet up at least once a year and review the competing time commitments of Directors serving on multiple boards, if any. If a Director is on the board of other companies, the NC shall consider whether adequate time and attention have been devoted to the affairs of the Company.

In the event there are sufficient grounds for complaint, the Chairman of the Board will discuss the issue with the Director, and if necessary, remind him of the consequences of failure to rectify the situation within the period required.

After conducting the annual reviews, the NC is satisfied that the current Directors have been able to devote adequate time and attention to the affairs of the Company and that they are able to satisfy their duties as Directors of the Company.

In its selection and appointment of new Directors, the NC receives recommendations from existing Directors and the Company's professional advisors. At least two members of the NC will conduct interviews with the potential new Director before recommending their appointments to the Board for approval.

The Company's Constitution provide for the retirement and re-election of Directors at every Annual General Meeting ("**AGM**"). All Directors are to submit themselves for re-nomination and re-election at least once every three years; and at least one-third of the Directors to retire from office by rotation. New Directors appointed during the year are subject to retirement and re-election at the forthcoming AGM of the Company. The NC is responsible for the nomination of retiring Directors for re-election.

In determining the nomination of a Director for re-election, the NC takes into account the composition and progressive renewal of the Board, and the competency, performance and contribution of the Director including his attendance, preparedness and participation at Board and Board Committees meetings. A Director's time and effort accorded to the Company's business and affairs will also be considered.

Based on the above, Mr Lim Chuan Poh, Mr Chua Hwee Song, Mr Koh Chia Ling and Mr Chue En Yaw are required to retire pursuant to Regulation 107 and Mr Clement Lee Shieh-Peen (the "**Retiring Directors**") is required to retire pursuant to Regulation 108(1) of the Company's Constitution at the forthcoming AGM.

It be noted that Retiring Directors have given their consent to stand for re-election as Directors of the Company at the forthcoming AGM. The NC and the Board has recommended that the Retiring Directors, whom shall be retiring pursuant to Regulation 107 and Regulation 108(1) of the Company's Constitution at the forthcoming AGM, respectively, to be re-elected.

CORPORATE GOVERNANCE

Pursuant to Rule 720(5) of the Catalist Rule, when a candidate is proposed to be appointed for the first time or re-elected to the board at a general meeting, the issuer shall provide the information relating to the candidate as prescribed in Appendix 7F of the Catalist Rule, into the notice of meeting, annual report or relevant circular distributed to shareholders prior to the general meeting. Mr Lim Chuan Poh, Mr Clement Lee Shieh-Peen, Mr Chua Hwee Song, Mr Koh Chia Ling and Mr Chue En Yaw, had submitted their consent for re-election. In this regard, the details of the Directors who will be retiring and being eligible, offer themselves for re-election at the forthcoming AGM are set out in Tables below:

Table A

Name of Director	**Lim Chuan Poh**	**Clement Lee Shieh-Peen**	**Chua Hwee Song**	**Koh Chia Ling**	**Chue En Yaw**
Date of first appointment	28 June 2018	28 June 2017	28 June 2018	28 June 2018	28 June 2018
Date of last election	Nil	Nil	Nil	Nil	Nil
Age	63	49	52	47	46
Country of Principal residence	Singapore	Singapore	Singapore	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Board has accepted the NC's recommendation, which has reviewed and considered Mr Lim Chuan Poh's performance as a Non-Executive and Independent Chairman	The Board has accepted the NC's recommendation, which has reviewed and considered Mr Clement Lee Shieh-Peen's performance as an Executive Director and CEO	The Board has accepted the NC's recommendation, which has reviewed and considered Mr Chua Hwee Song's performance as a Non-Executive and Independent Director	The Board has accepted the NC's recommendation, which has reviewed and considered Mr Koh Chia Ling's performance as a Non-Executive and Independent Director	The Board has accepted the NC's recommendation, which has reviewed and considered Mr Chue En Yaw's performance as a Non-Executive and Independent Director
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. Responsible for the formulation of the Group's corporate strategies and expansion plans	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Independent Chairman, RC Chairman and member of NC	Executive Director and CEO	Non-Executive and Independent Director, AC Chairman, member of NC	Non-Executive and Independent Director, NC Chairman, and member of AC and RC	Non-Executive and Independent Director, member of AC and RC

CORPORATE GOVERNANCE

Name of Director	Lim Chuan Poh	Clement Lee Shieh-Peen	Chua Hwee Song	Koh Chia Ling	Chue En Yaw
Professional Qualifications	• Bachelor of Arts (Hons) in Engineering Science, Balliol College, Oxford University; and • Master of Science in Public Health and Engineering, Imperial College of Science & Technology	• GCE A Levels from Anglo-Chinese Junior College	• Bachelor of Engineering (1st Class Honours) in Electrical and Electronic Engineering, King's College London, University of London; and • Master of Business Administration, National University of Singapore	• Bachelor of Law (Hons) degree, University of London; • Master of Law, Media, Communications and Information Technology Law, University of New South Wales, Australia; and • Master of Technology, Knowledge Engineering, National University of Singapore	• Bachelor of Accountancy (Hons) degree, Nanyang Technological University; and • Chartered Accountant, Chartered Financial Analyst
Working experience and occupation(s) during the past ten years	• From year 2008 to 2011: CEO of SingTel International Pte. Ltd.	• From year 2009 to 2013: Executive Chairman of Lifebrandz Ltd.; • From year 2013 to 2015: CEO of Avenza Pte. Ltd.; and • From year 2015 to Present: Executive Director and CEO of Synagie	• From year 2005 to 2017: Founder and Managing Director of Tembusu Ventures Pte Ltd; • From September 2013 to January 2016: Independent Director of Rowsley Ltd; • From July 2015 to April 2018: Group Chief Financial Officer of CWG International Ltd.; and • From March 2018 to Present: Group Chief Financial Officer of SPH	• From year 2009 to 2016: Equity partner of Bird & Bird ATMD LLP; and • From year 2016 to Present: Managing Director of OC Queen Street LLC	• From year 2008 to 2010: Associate Director, Private Equity, Standard Chartered Bank; • From year 2010 to 2017: Director, Private Equity Fund Investments, Temasek Holdings; and • From year 2018 to Present: Managing Director, Azalea Investment Management Pte. Ltd.

CORPORATE **GOVERNANCE**

Name of Director	Lim Chuan Poh	Clement Lee Shieh-Peen	Chua Hwee Song	Koh Chia Ling	Chue En Yaw
Shareholding interest in the listed issuer and its subsidiaries	Nil	62,064,060 ordinary shares[(1)]	Nil	Nil	1,484,481 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Mr Clement Lee Shieh-Peen is the brother of Ms Zanetta Lee Yue, who is an Executive Director of Synagie	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes

(1) Mr Clement Lee Shieh-Peen is the sole shareholder and beneficial owner of Metadrome. Metadrome owns 23.7% interest in the Company. Pursuant to Section 7 of the Companies Act, Cap. 50 Singapore, Mr Clement Lee Shieh-Peen is deemed to be interested in 62,064,060 ordinary shares in the Company and all the shares in the subsidiaries of the Company.

CORPORATE **GOVERNANCE**

Name of Director	Lim Chuan Poh	Clement Lee Shieh-Peen	Chua Hwee Song	Koh Chia Ling	Chue En Yaw
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)					
Past (for the last five years)	• Alcatel-Lucent Singapore Pte. Ltd.; and • Yinda Infocomm Limited	• Avenza Pte. Ltd.; • Avenza Hong Kong Limited; • Avenza International Inc.; • Alegria Group Limited; and • Cheerful China International Limited	• Sports Toto Malaysia Management Pte. Ltd.; • Thomson Medical Group Limited; • Half the Comm Pte. Ltd.; Renoeasy Pte. Ltd.; • Tembusu Global Pte. Ltd.; and • Tembusu Builders Pte. Ltd.	–	–
Present	• SP Telecommunications Pte. Ltd.	• Executive Director and CEO of Synagie Group	• Group Chief Financial Officer of Singapore Press Holdings Ltd; and nominee directors for SPH Group of Companies	• Managing Director of OC Queen Street LLC.; and • Osborne Clarke International	• Managing Director, Head of Private Equity Funds, of Azalea Investment Management Pte. Ltd.

CORPORATE GOVERNANCE

The general statutory disclosures of the Retiring Directors are as follows:

	Question	Lim Chuan Poh	Clement Lee Shieh-Peen	Chua Hwee Song	Koh Chia Ling	Chue En Yaw
(a)	Whether at any time during the last ten years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner?	No	No	No	No	No
(b)	Whether at any time during the last ten years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No

CORPORATE GOVERNANCE

	Question	Lim Chuan Poh	Clement Lee Shieh-Peen	Chua Hwee Song	Koh Chia Ling	Chue En Yaw
(f)	Whether at any time during the last ten years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—					
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No	No

CORPORATE GOVERNANCE

Question		Lim Chuan Poh	Clement Lee Shieh-Peen	Chua Hwee Song	Koh Chia Ling	Chue En Yaw
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?					
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No
	Disclosure applicable to the appointment of Director only.					
	Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes	Yes	No	No
	If yes, please provide details of prior experience.	Singapore Telecommunication Ltd.	Lifebrandz Ltd.	CWG International Ltd.	–	–
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	–	–	–	Attended SID Course	Attended SID Course

CORPORATE **GOVERNANCE**

The Board considers an "independent" Director as one who:

(a) has not employed by the Company or any of its related corporations for the current or any of the past three financial years;

(b) does not has an immediate family member who is, or has been in any of the past three years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC;

(c) has not been a director of the Company for an aggregate period of nine years (whether before or after listing); and

(d) is independent in conduct, character and judgement, and has no relationship with the Company's substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment on the conduct of the Company's affairs.

*(Collectively, the "**Independent Criteria**")*

The NC reviews annually the independence of each Director based on the definition and Independent Criteria set out in the 2018 Code. Each Non-Executive and Independent Director is required to complete a Confirmation of Independence form drawn up based on the Principle 2 of the Code for the NC's review and recommendation to the Board.

Taking into consideration the foregoing, the NC has determined Mr Lim Chuan Poh, Mr Koh Chia Ling, Mr Chua Hwee Song and Mr Chue En Yaw (who represent the majority of the Board) to be independent. Each of these Directors have also confirmed their independence. The Executive Directors are not independent by virtue of their service agreements with the Company.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

In addition to the above, the NC is also responsible for adopting and implementing corporate governance measures to achieve good stewardship of the Company. In this respect, its responsibilities include:

(a) proposing objective performance criteria which incorporates qualitative and quantitative factors to evaluate on an annual basis the performance of the Board as a whole and that of each Director (other than Executive Directors, who are evaluated by the RC);

(b) implementing appropriate programmes for orientation and training of new Directors, and to update the Board on relevant new laws, regulations, and changing commercial risks in the industry, from time to time;

(c) advising the Board on corporate governance issues, generally where they are not covered by other Board Committees, including but not limited to shareholders' issues; and

(d) performing other functions assigned by law, the Company's Constitution, or by the Board from time to time.

CORPORATE **GOVERNANCE**

In assessing the performance and effectiveness of the Directors in fulfilling their duties, the NC takes into account, among other factors, the Director's qualifications in relation to general commercial knowledge, specific industry experience, political and social knowledge of the countries operates in, attendance at Board or Board Committees meetings in person or via teleconference, availability at all reasonable times and the degree of participation at Board and Board Committees meetings, quality of interventions or difference of opinion expressed, and any special contributions. The NC also considers whether the Director has a reasonable understanding of the Company's business and the industry, the Director's working relationship with the other members of the Board, as well as feedback from other Directors.

In assessing the performance and effectiveness of the Board and its Committees, the NC takes into account, among other factors, the Board Committees' and the Board's ability to work with the senior management of the Company, the discussions and due deliberations of the Board Committees and the Board, and whether objectives and targets set at the commencement of the relevant financial years have been met.

After evaluation, the NC considered the performance and effectiveness of each individual Director and the Board as a whole, to be satisfactory. The Board as a whole considered the performance of the NC to be satisfactory. For the avoidance of doubt, each member of the NC abstains from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

Reviews of each individual Board member's performance and effectiveness, as well as the performance and effectiveness of the Board Committees and the Board are undertaken on a continuous basis by the NC with inputs from the various Board members. Renewals or replacements of Directors do not necessarily reflect their contributions to date but may be driven by the need to position and shape the Board in line with the medium-term needs of the Company and its business.

No external facilitator was engaged in FY2018. The NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process, if the need arises.

B. REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

CORPORATE GOVERNANCE

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The RC comprises the following members:

Lim Chuan Poh (Chairman)	Non-Executive and Independent Chairman
Koh Chia Ling	Non-Executive and Independent Director
Chue En Yaw	Non-Executive and Independent Director

The RC is governed by its own TOR and its primary function is to advise the Board on compensation issues. In particular, in relation to the Directors and key management personnel, the RC bears in mind that a meaningful portion of their compensation should be contingent upon the financial performance of the Company, in order to foster the creation of long-term shareholder value.

Its responsibilities include the following:

(a) recommending to the Board a framework of remuneration for the directors and executive officers, and determining specific remuneration packages for each executive director and any CEO (or executive of equivalent rank), if a CEO is not an executive director, such recommendations to be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, the contingent awards of shares in the Company granted or which may be granted pursuant to its performance share plan to be granted under the Company's performance share plan, the options to be issued under the Company's employee share option scheme and benefits in kind;

(b) in the case of service contracts (if any) for any director or executive officer, considering what compensation commitments the directors' or executive officers' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

(c) in respect of any long-term incentive schemes including share schemes as may be implemented, considering whether any director should be eligible for benefits under such long-term incentive schemes.

The RC meets once a year and at other times as required, in accordance with its TOR. The RC comprises three members and all the members, including RC Chairman are independent. The Chairman of the RC reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Management, together with the RC, recommends the compensation for Non-Executive and Independent Directors, taking into account factors such as time spent and the responsibilities of the Directors, the current market circumstances, long-term interest and risk policies of the Company, and the need to attract directors of experience and standing. The Non-Executive and Independent Directors' fees are compared against market standards to ensure that they are in line with market norms and to ensure that their independence are not compromised.

As the members of the RC do not participate in any decisions concerning their own remuneration, Management takes on that role and the Board accepts the Management's recommendation. Payment of Directors' fees is subject to shareholders' approval at the AGM. The RC and the Board are of the view that the compensation of the current Non-Executive and Independent Directors is adequate and not excessive.

CORPORATE **GOVERNANCE**

The RC administers the Synagie Employee Share Option Scheme ("**Synagie ESOS**") and the Synagie Performance Share Plan ("**Synagie PSP**"), which were approved by the Company's shareholders by way of members' resolution in writing on 25 July 2018. The performance related elements of remuneration are designed to align the interests of Directors, Management and staff with those of shareholders and to link their rewards to corporate and individual performance. Details of the Synagie ESOS and the Synagie PSP can be found on pages 68 to 70 of the Annual Report in the Directors' Statement. The Company had not granted share options and awards to any employees and Directors under the Synagie ESOS and the Synagie PSP during FY2018.

Non-Executive and Independent Directors receive basic directors' fees and additional fees for serving as a Board Committees Chairman. Executive Directors do not receive directors' fees. A long-term incentive scheme for Directors, Management and staff includes Synagie ESOS and Synagie PSP.

A prorated directors' fees of S$123,474 for FY2018 had been paid/payable to Non-Executive and Independent Directors and will be recommended to shareholders for ratification at the forthcoming AGM. Directors' fees of S$232,000 for the financial year ending 31 December 2019, which are to be paid quarterly in arrears, will be recommended to the shareholders for approval at the forthcoming AGM. The actual directors' fees paid out will be disclosed in the Company's Annual Report in the relevant financial year.

The Management, together with the RC, determines and recommends to the Board the compensation package of the Executive Directors, taking into account their experience and knowledge as well as the existing circumstances in the employment market.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remunerations from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. The RC will review such contractual provisions as and when necessary. The Independent Directors and Non-Executive Chairman are paid a director's fee, consisting of a base fee and fees for chairing Board Committees Meetings, for their effort and time spent and for their responsibilities and contribution to the Board. The RC ensures that the remuneration packages for the Executive Directors and key management personnel are fair. The RC's recommendations are submitted to the entire Board for endorsement. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration packages.

With regard to the remuneration of other key management personnel, the RC, together with the Management, reviews proposals which are made by the Executive Directors. The remuneration policy for the key management personnel is guided by the National Wage Council guidelines, and takes into consideration the Company's performance, long-term interest and risk policies, as well as the responsibilities and performance of individual key management personnel. The latter is measured by goals and objectives set for each key management executive in congruence with the Company's overall goals and objectives.

The NC and the RC have reviewed the terms of the service agreements for the Executive Directors and they are of the view that the Executive Directors have service agreements which include fair and reasonable terms for termination under appropriate notice and these service agreements are in line with market practices and are not overly generous. The Company has not engaged any remuneration consultants for FY2018 and will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.

Details of the Directors' and key management personnel's remuneration for FY2018 are set out below. Disclosure of the Directors' and key management personnel's remuneration is also made in Note 6 to the financial statements.

CORPORATE **GOVERNANCE**

	Directors' Fees %	Salary and Bonus %	Other Benefits* %	Total Compensation (S$'000)
Executive Director				
Clement Lee Shieh-Peen	–	100	–	327
Tai Ho Yan	–	100	–	309
Zanetta Lee Yue	–	100	–	154
Non-Executive Director				
Lim Chuan Poh	100	–	–	60
Chua Hwee Song	100	–	–	23
Koh Chia Ling	100	–	–	20
Chue En Yaw	100	–	–	20

	Salary and Bonus %	Other Benefits* %
Key management personnel		
Between S$100,001 – S$199,999		
Anna Thurai s/o Alagappan	100	–
Jenny Tay Lee Wee	100	–
Quek Wei Ling	100	–
Below S$100,000		
Ong Guan Gan	100	–

Note:
* Other benefits, where applicable, include granting of share options under the Synagie ESOS and granting of awards under the Synagie PSP.

Save for Mr Chia Seng Lum who was appointed as key management personnel in March 2019, the total remuneration paid to the top four key management personnel (who are not Directors or the Company's CEO) in FY2018 was S$0.4 million.

The Company does not disclose the aggregate remuneration of the respective key management personnel to the nearest thousand but in bands of S$100,000 for confidentiality reasons so as to prevent competitors from knowing salaries offered by the Company to its key management personnel of similar status in the Company.

The Board confirms that the remuneration paid to the Executive Directors and key management personnel of the Group is based, *inter alia*, on the prevailing market forces, their qualification and expertise and their contribution to the Group.

None of the employees in the Company or any of its principal subsidiaries whose remuneration exceeds S$100,000 during the year is an immediate family member of a Director, the CEO or substantial shareholder of the Company or any of its principal subsidiaries.

For the purpose of Rule 704(10) of the Catalist Rules, the Company hereby confirms that there are no persons occupying managerial positions who are related to Director, CEO or Substantial Shareholders of the Company.

CORPORATE GOVERNANCE

C. ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board acknowledges that it is responsible for the overall risk management and internal control framework but also recognises that all risk management and internal control systems contain inherent limitations and that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against misstatements or losses. The Board and AC review regularly the adequacy and effectiveness of the Group's risk management and internal control systems, including but not limited to financial, operational, and compliance controls. In particular, the Company has adopted a "Whistleblowing" policy to ensure that there are no irregularities in the Company's business dealings and that there is a system of integrity and reliability.

The Board has received assurance from each of the Executive Directors (including the CEO) and Group FC that the financial records of the Group for FY2018 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

In addition, the CEO and the key management personnel have also given assurance to the Board that the risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks.

The Board has reviewed and evaluated the adequacy and effectiveness of the Company's system of risk management and internal controls and work procedures and processes. Internal controls have been put in place to safeguard the shareholders' investment and the Company's assets, and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances.

Taking into account the Company's corporate structure and scope of operations and based on the internal controls established and maintained by the Group, work performed by the external and internal auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls, addressing financial, operations, compliance and information technology risks, and risk management systems were adequate and effective as at 31 December 2018.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an AC which discharges its duties objectively.

To ensure that corporate governance is effectively practiced, the current Directors have established self-regulatory and monitoring mechanisms, including the establishment of the AC, which comprises the following members:

Chua Hwee Song (Chairman)	Non-Executive and Independent Director
Koh Chia Ling	Non-Executive and Independent Director
Chue En Yaw	Non-Executive and Independent Director

The roles and responsibilities of the AC are established in accordance with the 2018 Code. The TOR provides for a minimum of two meetings a year, and at such other times as required.

CORPORATE GOVERNANCE

The AC's primary function is to provide assistance to the Board of Directors by fulfilling its responsibilities relating to corporate accounting and auditing reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's system of internal controls regarding finance, accounting, legal compliance and ethics as established by the management and the Board.

All members of the AC have many years of experience in senior management positions and relevant accounting or related financial management expertise or experience. The Board is of the view that the AC members, having accounting and related financial management expertise and experience, are appropriately qualified to discharge their responsibilities. None of the Committee members of the AC are former partners or directors of the Company's existing audit firm (a) within a period of two years commencing on the date of their ceasing to be a partner of the audit firm and (b) for as long as they have any financial interest in the auditing firm.

The responsibilities of the AC include the following:

(a) reviewing with the external auditors the audit plan, their audit report, their management letter and the management's response;

(b) reviewing with the internal auditors the internal audit plan and their evaluation of the adequacy of the Company's internal control and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;

(c) reviewing the financial statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(d) reviewing the internal control and procedures and ensuring co-ordination between the external auditors and the management, reviewing the assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

(e) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group operating results or financial position, and the management's response;

(f) reviewing, where applicable, the scope and results of the internal audit procedures;

(g) reviewing and approving interested person transactions and reviewing procedures thereof;

(h) reviewing arrangements by which the staff may, in confidence, raising concerns about possible improprieties in matters of financial reporting and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

(i) reviewing potential conflicts of interest (if any) and setting out a framework to resolve or mitigate any potential conflicts of interests;

(j) conducting periodic review of foreign exchange transactions and hedging policies (if any) undertaken by the Group;

(k) considering the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

CORPORATE **GOVERNANCE**

(l) reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, as amended, modified or supplemented from time to time, including such amendments made thereto from time to time;

(m) undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the Committees;

(n) reviewing at least annually the Group's key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual report of the Company or, where the findings are material, to announce such material findings immediately via SGXNET; and

(o) generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The Chairman of the AC reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The AC has in place "Whistleblowing" arrangements by which staff may, in confidence, raise concerns either verbally or in writing (via email) about possible improprieties in matters of financial reporting or other matters within the Company to the members of the AC directly. The objective is to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up action to be taken. Copies of the "Whistleblowing" policy have been circulated to the employees and are also available at the Company's registered office.

Deloitte & Touche LLP ("**Deloitte**") is an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority and its was appointed as the Company's external auditors on 28 March 2018.

In accordance with Rule 1204(6) of the Catalist Rules, the non-audit fees and audit fees paid to Deloitte for their services rendered in FY2018 are S$30,300 and S$293,000[(1)], respectively, (excluding disbursements and GST).

Deloitte was also appointed in FY2017 to audit the accounts of the Company's subsidiaries. The Company has therefore acted in compliance with Rule 712 and Rule 715 of the Catalist Rules.

The AC reviewed the independence and objectivity of the external auditors as required under Section 206(1A) of the Companies Act and determined that the external auditors were independent in carrying out their audit of the Group's financial statements.

None of the members of the AC are a partner or director of Deloitte or any other auditing firm or auditing corporation. The AC had also reviewed the scope and quality of the external auditors' work before recommending the external auditors to the Board for re-appointment.

After taking into account the resources and experience of Deloitte and the audit engagement partner assigned to the audit, Deloitte's other audit engagements, the size and complexity of the audit for the as well as the number and experience of the staff assigned by Deloitte for the audit, the AC is of the view that Deloitte is able to meet its audit obligations. Together with the Board, the AC recommends the re-appointment of Deloitte at the forthcoming AGM.

(1) Includes statutory and IPO audit fees of S$133,000 and S$160,000 respectively.

CORPORATE **GOVERNANCE**

The external auditors also brief the AC members on the developments in accounting standards (where applicable) during AC meetings to keep the AC members abreast of changes to the accounting standards and issues which have a direct impact on financial statements. The AC has full access to the external auditors and internal auditors without the presence of Management and is authorised to have full and unrestricted access to Management and all personnel, records, operations, properties, and other informational sources of the Company as required or desirable to properly discharge its responsibilities.

The AC has met with the external auditors and internal auditors without the presence of management in FY2018. The AC has full discretion to invite any Director or executive officer to its meetings and has the authority to conduct or authorise investigations into any matters within its scope of responsibilities.

The AC and Management also review the Company's operational activities on an on-going basis to identify areas of material risks. The AC together with the Management and the internal and external auditors will table all control issues and review the appropriate measures being recommended to mitigate areas of weaknesses highlighted to the Board during its half yearly meetings.

The Company has engaged PricewaterhouseCoopers Risk Services Pte. Ltd. ("**PWC**"), a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, to conduct an internal audit of the Company as well as to implement enterprise risk management ("**ERM**") initiatives within the Group to assist in determining whether the Group's checks and balances and control systems are adequate.

The Board formalized and approved an Enterprise Risk Management Framework. This risk framework has four principal risk categories, namely strategic, financial, operational and compliance risks.

The Group's risk management framework is aligned with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Controls Integrated Framework.

The identification and management of risks are delegated to management, who assumes ownership and day-to-day management of these risks. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board key business risks are proactively identified, addressed and reviewed on an ongoing basis.

PWC has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. PWC reports directly to the AC and provides reports to AC on a timely basis.

The AC is of the view that the Internal Audit function has adequate resources to perform its functions, is independent from the activities that it audits and has appropriate standing within the Group. In assessing the engagement of PWC for the Internal Audit function, the AC ensured that the Internal Audit function is staffed with qualified and experienced personnel. The scope of the internal audit covers key aspects of the Group's internal controls established to address financial, operational, compliance and information technology risks. The internal auditor's activities are guided by PWC's global internal auditing methodology which is in line with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

At present, the Board relies on external audit reports and management letters prepared by the external auditors, PWC's internal audit findings and ERM report on any material non-compliance or internal control weaknesses.

The AC has also set in place certain internal controls (for example, setting limits on transactions amounts and having different bank signatories), risk management practices and sustainability practices, taking into consideration the risks which the Group is exposed to, the likelihood of occurrence of such risks, the costs of implementing the corresponding controls and the environmental and social interactions within the communities in which the issuers operate.

CORPORATE **GOVERNANCE**

The Company has engaged Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**") to assist on the implementation of sustainability practices throughout the Group to assess and disclose the economic, environmental, social and governance ("**ESG**") aspects of the Group's performance.

Going forward, the Board would be able to, in addition to the aforesaid, rely on Baker Tilly's sustainability reporting to better determine whether the Company conducts its business responsibly, particularly the ESG aspects.

In the review of the Group's financial statements, the AC had discussed with the Management on the accounting principles that were applied and considered the clarity of key disclosures in the financial statements.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Information is communicated to shareholders on a timely basis. Where disclosure is inadvertently made to a selected group, the Company will make the same disclosure publicly as soon as practicable for it to do so.

Communication is made through:

(a) annual report that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required under the Catalist Rules and the relevant accounting standards;

(b) half yearly financial statements containing a summary of the financial information and affairs of the Group for the period;

(c) notices of annual general meetings and extraordinary general meetings ("**Notices**");

(d) replies to email queries from shareholders;

(e) disclosures to the SGX-ST and the shareholders by releasing announcements via SGXNET; and

(f) circulars or letters to shareholders to provide the shareholders with more information on its major transactions.

The Group values dialogue with investors and believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Group adopts the practice of regularly communicating major developments in its business and operations through SGXNET and news releases and where appropriate also directly to shareholders, other investors, analysts, the media, the public and its employees.

CORPORATE **GOVERNANCE**

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Half yearly and full year results as well as the annual report are announced or issued within the mandatory period. However, any information that may be regarded as undisclosed material information about the Group will not be given. The Group issues announcements and news releases on an immediate basis where required under the SGX-ST Catalist Rules. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that the stakeholders and the public have fair access to the information.

Briefings and meetings for analysts and the media are held, generally coinciding with the release of the Group's half yearly and full year results. Presentations are made, as appropriate, to explain the Group's strategies, performance and major developments.

The Notices are advertised in the press and published via SGXNET. The results of all general meetings are also published via SGXNET. To facilitate participation by the shareholders, the Constitution of the Company allows the shareholders to attend and vote at all general meetings of the Company by proxies. Proxy forms can be sent to the Company's Share Registrar by mail. At all general meetings, each distinct issue is voted via a separate resolution.

The Board also regards the general meetings as opportunities to communicate directly with the shareholders and encourages greater shareholder participation. As such, the shareholders are encouraged to attend general meetings of the Company to grasp a better understanding of the Group's businesses and be informed of the Group's strategic goals and objectives. Notices of general meetings are dispatched to the shareholders at least 14 days before the meeting if ordinary businesses are to be transacted at the meeting or at least 21 days before the meeting if special businesses are to be transacted at the meeting.

General meetings of the Company will be chaired by the Group's Chairman and are also attended by other Directors, the management, the Company Secretary and if necessary, the external and internal auditors. At all general meetings, shareholders are given the opportunity to air their views and to ask the Group Chairman, the individual Directors and the Chairmen of Board Committees questions regarding the Company. The external auditors are also present to assist the Board in answering the shareholders' queries, where they are able to do so. In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders will be put to vote by poll, using polling slips, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings of shareholders.

The Company Secretary and/or representatives from the Company Secretary's office prepares the minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. The minutes of such meetings are then circulated to the Board for approval. Thereafter, the minutes are available to shareholders upon request.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate.

Shareholders and the public can access information on the Group via its website at www.synagie.com.

CORPORATE **GOVERNANCE**

INTERNAL COMPLIANCE 2018 CODE ON DEALINGS IN COMPANY'S SECURITIES

The Company has its own internal compliance 2018 Code to provide guidance for both itself, and its Directors and employees (including employees with access to price-sensitive information on the Company's shares) on dealings in the Company's securities, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Rule 1204(19) of the Catalist Rule, the Company issues a directive informing the Directors and employees that they are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year financial statements of the Company. These trading restrictions end after the results have been announced. Additionally, both Directors and employees are prohibited from dealing in securities of the Company while in possession of price-sensitive information. They are required to report to the Company Secretary whenever they deal in the Company's shares. The Company Secretary assists the AC and the Board to monitor such share transactions and to make the necessary announcements, if required.

An officer of the Company should not deal in the Company's securities on short-term considerations. The Board confirms that as at the date of this Report, the Company has complied with Rule 1204(19) of the Catalist Rules.

INTERESTED PERSON TRANSACTIONS

(Catalist Rule 907)

The Group has established procedures to ensure that all transactions with interested persons are properly documented and reported in a timely manner to the AC on a half yearly basis, and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders, in accordance with the internal controls set up by the Company on interested person transactions.

In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction. The aggregate value of transactions entered into by the Group with interested persons and their associates for FY2018 are as follows:

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Nil	–	–

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Catalist Rule 920.

MATERIAL CONTRACTS

(Catalist Rule 1204(8))

There were no material contracts of the Company or its subsidiaries involving the interests of the Group CEO, any Director or controlling shareholders subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE **GOVERNANCE**

RISK MANAGEMENT
(Catalist Rule 1204(4)(b)(iv))

The management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to manage and mitigate these risks. The management reviews all the significant control policies and procedures and highlights all significant findings to the Directors and the AC.

NON-SPONSOR FEES
(Catalist Rule 1204(21))

The continuing sponsor of the Company is RHT Capital Pte. Ltd. ("**Sponsor**"). In FY2018, there was a professional fee paid to the Sponsor for acting as the Issue Manager and Full Sponsor to the Company's IPO.

USE OF PROCEEDS
(Catalist Rule 1204(22))

As at the date of financial statements 28 March 2019, the Company has utilised the gross proceeds raised from the IPO amounting to $11,610,000, as follows:

Intended Use of Proceeds	Amount Allocated (S$'000)	Amount Utilised (S$'000)	Amount Remaining (S$'000)
Business expansion (including penetrating new geographical locations, investments in information technology capabilities and mergers and acquisitions)	7,400	3,039	4,361
Working capital	2,423	2,054	369
Listing expenses	1,787	1,787	–
Total	**11,610**	**6,880**	**4,730**

E. MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

A fundamental aspect of creating shared value within the communities where we work is effective communication and dialogue with our stakeholders. The Company recognises that a strong network of people, organizations, communities, and influencers would bring the input to helps the Company has better understanding on the issues that are important or has direct or indirect impact to our business.

The Company has engaged the stakeholders by way of sustainability reporting which is stated on pages 17 to 34 and via its website at www.synagie.com.

DIRECTORS' **STATEMENT**

The directors present their statement together with the audited consolidated financial statements of Synagie Corporation Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 76 to 135 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 31 December 2018 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Lim Chuan Poh	(Appointed on 28 June 2018)
Clement Lee Shieh-Peen	
Tai Ho Yan	
Zanetta Lee Yue (Zanetta Li Yu)	
Chua Hwee Song	(Appointed on 28 June 2018)
Koh Chia Ling	(Appointed on 28 June 2018)
Chue En Yaw	(Appointed on 28 June 2018)

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in name of director	
Name of director and Company in which interests are held	**At beginning of year or date of appointment, if later**	**At end of year**
The Company		
Clement Lee Shieh-Peen	1	–
Zanetta Lee Yue	–	9,210,600
Tai Ho Yan	–	7,875,000
Chue En Yaw	–	1,481,481

DIRECTORS' **STATEMENT**

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Name of director and Company in which interests are held	Shareholdings in which director is deemed to have interest — At beginning of year or date of appointment, if later	At end of year
The Company		
Clement Lee Shieh-Peen[1]	–	62,064,060

(1) Mr Clement Lee Shieh-Peen is deemed to have an interest in all the related corporations of the Company by virtue of Section 7 of the Singapore Companies Act.

The directors' interests in the shares and options of the Company at 21 January 2019 were the same at 31 December 2018.

4 SHARE OPTIONS

The Synagie Employee Share Option Scheme ("Synagie ESOS")

The Company implemented Synagie ESOS in accordance with the scheme approved by the shareholders on 25 July 2018. The objectives of Synagie ESOS are as follows:

(a) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;

(b) to retain key employees and directors whose contributions are essential to the long-term growth and profitability of the Group;

(c) to instil loyalty to, and a stronger identification by participants with the long-term prosperity of, the Group;

(d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders; and

(e) to align the interests of participants with the interests of the shareholders.

Synagie ESOS is administered by the Remuneration Committee whose members are:

Lim Chuan Poh (Chairman)
Koh Chia Ling
Chue En Yaw

Terms of Synagie ESOS:

(a) A one year vesting period is required commencing from the first date of grant if offer price is not at a discount; a two years vesting period is required commencing from the first date of grant if offer price is at a discount.

DIRECTORS' **STATEMENT**

4 **SHARE OPTIONS** (CONTINUED)

(b) The subscription price is based on the price equal to the average of the last dealt prices of an ordinary share in the capital of the Company for the five consecutive trading days immediately preceding the date of grant of the option, rounded up to the nearest whole cent in the event of fractional prices.

(c) The options may be exercised in whole or in part at any time by a participant after the first anniversary from the date of grant. Such option shall be exercised before the tenth anniversary of the date of grant, or such earlier date may be determined by the Committee.

(d) The unvested options shall lapse upon the employee ceasing to be employed by the Company or its subsidiaries.

(i) Options to take up unissued shares

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

(ii) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(iii) Unissued shares under options

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 **SHARE AWARDS**

The Synagie Performance Share Plan ("Synagie PSP")

The Company implemented Synagie PSP in accordance with the performance share scheme approved by the shareholders on 25 July 2018. The purpose of Synagie PSP are as follows:

(a) to attract potential employees with relevant skills to contribute to the Group and to create value for shareholders;

(b) to instil loyalty to, and a stronger identification by the participants with the long-term prosperity of, the Group;

(c) to motivate the participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;

(d) to align the interests of the participants with the interests of the shareholders;

(e) to give recognition to the contributions made by the participants to the success of the Group; and

(f) to retain key employees of the Group whose contributions are essential to the long-term prosperity of the Group.

DIRECTORS' **STATEMENT**

5 SHARE AWARDS (CONTINUED)

Synagie PSP is administered by the Remuneration Committee whose members are:

Lim Chuan Poh (Chairman)
Koh Chia Ling
Chue En Yaw

An executive or non-executive director of any member of the Group or a full-time employee of any member of the Group ("**Eligible Person**") who is selected by the Remuneration Committee is eligible to participate in the Synagie PSP. The Awards represent the right of an Eligible Person to receive fully paid shares free of charge, upon the participant satisfying the criteria set out in the Synagie PSP and upon satisfying such conditions as may be imposed. The number of shares to be granted to an Eligible Person shall be determined at the absolute discretion of the Remuneration Committee, which shall consider criteria such as individual performance, length of services, achievements of past performance targets, ability to value-add to the Group's performance and development and overall enhancement to shareholder values, and the extent of effort with which the performance conditions as determined by the Remuneration Committee may be achieved within the performance period.

Each award to be granted to an Eligible Person who is a non-executive director of any member of the Group shall not exceed 10% of the total number of shares available for grant of awards under the Synagie PSP. The total number of shares which may be issued and/or issuable pursuant to awards granted under the Synagie PSP on any date shall not exceed 15% of the issued shares of the Company (excluding any shares held in treasury) from time to time. The Synagie PSP shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years, commencing from adoption date, provided always that the Synagie PSP may continue beyond the stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

No awards have been granted since the commencement of the Synagie PSP until the end of the financial year.

6 AUDIT COMMITTEE

The Audit Committee of the Company, consisting of all non-executive and independent directors, is chaired by Mr Chua Hwee Song, and includes Mr Koh Chia Ling and Mr Chue En Yaw. The Audit Committee has met twice since the date of incorporation and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Group's external auditors; and

(f) the re-appointment of the external auditors of the Group.

DIRECTORS' STATEMENT

6 AUDIT COMMITTEE (CONTINUED)

The Audit Committee has full access to management and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

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Clement Lee Shieh-Peen

____

Tai Ho Yan

28 March 2019

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF SYNAGIE CORPORATION LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Synagie Corporation Ltd. (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 135.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) (the "**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF SYNAGIE CORPORATION LTD.

Key Audit Matters

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

Key Audit Matters	Our audit performed and responses thereon
Acquisition of subsidiary	
(Refer to Note 29 to the financial statements) On 20 April 2018, the Group acquired 1Care Global Pte. Ltd. and its subsidiaries ("**Insurtech Subsidiary**") for a total purchase consideration of $6,576,000. Management has assessed that the acquisition of Insurtech Subsidiary qualifies as a business combination under SFRS(I) 3 Business Combinations. As part of the purchase price allocation ("**PPA**") exercise, management engaged an independent valuation specialist to assess the fair value of identifiable assets acquired and liabilities assumed of Insurtech Subsidiary at the date of acquisition which was determined to be $4,405,000, including $1,916,000 of intangible assets pertaining to customer relationships and contracts. As a result, the remaining excess of purchase consideration over the fair value of identifiable assets acquired and liabilities assumed amounting to $2,171,000 has been recorded as goodwill in relation to this acquisition. The intangible assets are amortised on a straight-line basis over the period of expected benefits of 5 years. The allocation of the purchase price to the identifiable assets acquired and liabilities assumed was determined based on their fair values at the date of acquisition, and the identification and valuation of intangible assets and resulting goodwill arising from the business combination required significant judgment and the use of key management assumptions such as future contract revenue and gross margins.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in the PPA exercise for the acquisition of Insurtech Subsidiary. We performed the following procedures: • Obtained and read the term sheets and addendums to understand the key terms and conditions of the acquisition; • Evaluated the competency, capabilities and objectivity of the independent valuation specialist engaged by the management for the PPA exercise; • Engaged our internal valuation specialist to assess key assumptions such as future contract revenue and gross margins and valuation methodology used in the PPA exercise in determining the fair values of identifiable assets acquired and liabilities assumed; and • Evaluated management's key assumptions in determining the useful life of intangible assets. We considered the adequacy of the disclosures in the consolidated financial statements in respect of the acquisition of subsidiary.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SYNAGIE CORPORATION LTD.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

(d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF SYNAGIE CORPORATION LTD.

(f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Adrian Chia Jet Wui.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2019

STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2018

	Note	Group 31 December 2018 $'000	Group 31 December 2017 $'000	Group 1 January 2017 $'000	Company 31 December 2018 $'000	Company 31 December 2017 $'000
ASSETS						
Current assets						
Cash and cash equivalents	7	**7,530**	1,827	45	**5,536**	28
Trade and other receivables	8	**5,927**	2,779	542	**11,373**	358
Deferred service costs	8	**2,736**	–	–	**–**	–
Inventories	9	**1,975**	1,462	441	**–**	–
Total current assets		**18,168**	6,068	1,028	**16,909**	386
Non-current assets						
Plant and equipment	10	**272**	116	121	**5**	–
Goodwill	11	**2,171**	–	–	**–**	–
Intangible assets	12	**2,152**	345	253	**–**	–
Investment in subsidiaries	13	**–**	–	–	**9,408**	414
Total non-current assets		**4,595**	461	374	**9,413**	414
Total assets		**22,763**	6,529	1,402	**26,322**	800
LIABILITIES AND EQUITY						
Current liabilities						
Trade and other payables	14	**6,151**	3,482	1,266	**3,554**	2
Deferred service revenue	14	**4,369**	–	–	**–**	–
Income tax payable		**24**	–	–	**–**	–
Total current liabilities		**10,544**	3,482	1,266	**3,554**	2
Non-current liabilities						
Convertible Notes	15	**–**	2,881	–	**–**	607
Other payable	16	**3,042**	–	–	**–**	–
Deferred tax liabilities	17	**363**	–	–	**–**	–
Total non-current liabilities		**3,405**	2,881	–	**–**	607
Capital and accumulated losses						
Share capital	18	**23,769**	7,392	4,080	**23,769**	*
Capital contribution pending allotment		**–**	–	1,000	**–**	–
Convertible Notes reserve	19	**–**	1,111	–	**–**	234
Merger reserve	20	**(8,261)**	–	–	**–**	–
Other reserve	21	**792**	–	–	**792**	–
Translation reserve		**(25)**	(10)	–	**–**	–
Accumulated losses		**(7,461)**	(8,327)	(4,944)	**(1,793)**	(43)
Total equity		**8,814**	166	136	**22,768**	191
Total liabilities and equity		**22,763**	6,529	1,402	**26,322**	800

* – Less than $1,000

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

YEAR ENDED 31 DECEMBER 2018

		Group	
	Note	**2018**	**2017**
		$'000	**$'000**
Revenue	22	**16,051**	8,029
Cost of sales		**(12,043)**	(6,268)
Gross profit		**4,008**	1,761
Other income	23	**197**	16
Distribution costs		**(768)**	(669)
Administrative expenses		**(9,984)**	(4,178)
Other operating expenses	24	**(284)**	(109)
Finance costs	25	**(620)**	(204)
Loss before income tax	26	**(7,451)**	(3,383)
Income tax credit	27	**64**	–
Loss for the year		**(7,387)**	(3,383)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(15)**	(10)
Total comprehensive loss for the year		**(7,402)**	(3,393)
Loss per share attributable to owners of the Company			
Basic and diluted (cents)	28	**(4.37)**	(2.33)

See accompanying notes to financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2018

Group	Share capital $'000	Capital contribution pending allotment $'000	Convertible Notes reserve $'000	Merger reserve $'000	Other reserve $'000	Translation reserve $'000	Accumulated losses $'000	Total equity $'000
Balance as at 1 January 2017	4,080	1,000	–	–	–	–	(4,944)	136
Total comprehensive loss for the year								
Loss for the year	–	–	–	–	–	–	(3,383)	(3,383)
Other comprehensive loss	–	–	–	–	–	(10)	–	(10)
	–	–	–	–	–	(10)	(3,383)	(3,393)
Transaction with owners, recognised directly in equity								
Capital allotment issued	1,000	(1,000)	–	–	–	–	–	–
Issuance of shares, net of expenses	2,312	–	–	–	–	–	–	2,312
Equity portion of Convertible Notes	–	–	1,111	–	–	–	–	1,111
Total	3,312	(1,000)	1,111	–	–	–	–	3,423
Balance as at 31 December 2017	7,392	–	1,111	–	–	(10)	(8,327)	166

See accompanying notes to financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2018

Group	Share capital $'000	Capital contribution pending allotment $'000	Convertible Notes reserve $'000	Merger reserve $'000	Other reserve $'000	Translation reserve $'000	Accumulated losses $'000	Total equity $'000
Balance as at 1 January 2018	7,392	–	1,111	–	–	(10)	(8,327)	166
Total comprehensive loss for the year								
Loss for the year	–	–	–	–	–	–	(7,387)	(7,387)
Other comprehensive loss	–	–	–	–	–	(15)	–	(15)
	–	–	–	–	–	(15)	(7,387)	(7,402)
Transaction with owners, recognised directly in equity								
Issuance of shares pursuant to the acquisition of subsidiary as part of the Restructuring Exercise	7,400	–	–	–	–	–	–	7,400
Share swap pursuant to the Restructuring Exercise	(7,392)	–	–	(8,261)	–	–	8,253	(7,400)
Conversion of Convertible Notes into 40,740,733 shares	5,500	–	(1,111)	–	792	–	–	5,181
Issuance of shares pursuant to Initial Public Offering ("**IPO**")	11,610	–	–	–	–	–	–	11,610
Capitalisation of listing expenses	(741)	–	–	–	–	–	–	(741)
Total	16,377	–	(1,111)	(8,261)	792	–	8,253	16,050
Balance as at 31 December 2018	**23,769**	**–**	**–**	**(8,261)**	**792**	**(25)**	**(7,461)**	**8,814**

See accompanying notes to financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2018

Company	Share capital ’000	Convertible Notes reserve $’000	Other reserve $’000	Accumulated losses $’000	Total equity $’000
At 28 June 2017, date of incorporation	*	–	–	–	*
Loss for the period, representing total comprehensive loss for the period	–	–	–	(43)	(43)
Transactions with owners, recognised directly in equity					
Equity option for Convertible Notes	–	234	–	–	234
Balance as at 31 December 2017	*	234	–	(43)	191
Loss for the year, representing total comprehensive loss for the year	–	–	–	(1,750)	(1,750)
Transactions with owners, recognised directly in equity					
Issuance of shares pursuant to Restructuring Exercise	7,400	–	–	–	7,400
Conversion of Convertible Notes into 40,740,733 shares	5,500	(234)	792	–	6,058
Issuance of shares pursuant to IPO	11,610	–	–	–	11,610
Capitalisation of listing expenses	(741)	–	–	–	(741)
Total	23,769	(234)	792	–	24,327
Balance as at 31 December 2018	**23,769**	**–**	**792**	**(1,793)**	**22,768**

* – Less than $1,000

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	**2017**
	$'000	**$'000**
Operating activities		
Loss before income tax	**(7,451)**	(3,383)
Adjustments for:		
Amortisation of Convertible Notes	**600**	192
Amortisation of intangible assets	**391**	95
Impairment loss on financial assets, subject to ECL	**20**	–
Allowance for inventories obsolescence	**54**	–
Bad debts written off	**87**	–
Depreciation of plant and equipment	**100**	49
Fair value of other payable	**16**	–
Interest expense	**4**	12
Inventories written off	**118**	–
IPO listing expenses	**1,043**	–
Plant and equipment written off	**–**	109
Gain on disposal of plant and equipment	**(1)**	–
Interest income	**(34)**	–
Net unrealised exchange adjustment	**(15)**	(10)
Operating cash flows before movements in working capital	**(5,068)**	(2,936)
Trade and other receivables	**(1,686)**	(2,237)
Inventories	**(679)**	(1,021)
Trade and other payables	**3,019**	2,457
Net cash used in operations	**(4,414)**	(3,737)
Tax paid	**(180)**	–
Net cash used in operating activities	**(4,594)**	(3,737)
Investing activities		
Purchase of plant and equipment	**(249)**	(153)
Expenditure on software development	**(282)**	(187)
Proceeds from disposal of plant and equipment	**1**	–
Interest received	**16**	–
Acquisition of a subsidiary (Note 29)	**(711)**	–
Net cash used in investing activities	**(1,225)**	(340)
Financing activities		
Proceeds on issue of shares	**11,610**	2,312
Payment of IPO listing expenses	**(1,784)**	–
Proceeds from Convertible Notes	**1,700**	3,800
Repayment to a related party (Company which a director has control)	**–**	(58)
Repayment to shareholders	**–**	(183)
Restricted funds	**(61)**	(150)
Interest paid	**(4)**	(12)
Net cash from financing activities	**11,461**	5,709
Net increase in cash and cash equivalents	**5,642**	1,632
Cash and cash equivalents at beginning of the year	**1,677**	45
Cash and cash equivalents at end of the year (Note 7)	**7,319**	1,677

See accompanying notes to financial statements.

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1 GENERAL

The Company (Registration No. 201717972D) was incorporated on 28 June 2017 in the Republic of Singapore with its principal place of business and registered office at 38 Jalan Pemimpin, #05-09, M38, Singapore 577178.

On 27 June 2018, the Company was converted into a public company limited by shares and changed its name to Synagie Corporation Ltd. The Company was admitted to the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 8 August 2018. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of holding company.

The principal activities of the subsidiaries are disclosed in Note 13.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 28 March 2019.

For all periods up to and including the year ended 31 December 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("**FRSs**"). These financial statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). Details of first-time adoption of SFRS(I) are included in Note 35.

The Restructuring Exercise

The Group is formed through the Restructuring Exercise which involved acquisitions and the rationalisation of the corporate and shareholding structure for the purposes of the Initial Public Offering ("**IPO**"). Pursuant to the Restructuring Exercise, the Company became the holding company of the Group.

The steps below describe the Restructuring Exercise:

(a) Series A Pre-IPO Investments

Pursuant to the Series A Main Agreements entered into between BTFL Pte. Ltd. ("**BTFL**") and the Series A Pre-IPO Investors between 29 May 2017 and 4 October 2017, BTFL agreed to issue convertible notes ("**BTFL Convertible Notes**") to the Series A IPO Pre-Investors having an aggregate principal amount of $3,000,000.

Under the Series A Main Agreements, the BTFL Convertible Notes were converted into ordinary shares of BTFL ("**BTFL Shares**") based on a 50.0% discount to the valuation of BTFL upon listing ("**BTFL Conversion Entitlement**").

BTFL and the Series A Pre-IPO Investors entered into the Series A Addendums between 3 June 2017 and 9 October 2017. Pursuant to the Series A Addendums, BTFL and the Series A Pre-IPO Investors deemed the valuation of BTFL for purposes of the BTFL Conversion Entitlement to be $80.0 million ("**BTFL Assumed Valuation**"), and agreed to, correspondingly, fix the number of BTFL Shares to be issued to the Series A Pre-IPO Investors applying this BTFL Assumed Valuation, at 515,838 BTFL Shares. The BTFL Assumed Valuation was based on approximately ten times of the Group's total revenue earned in 2017.

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1 GENERAL (CONTINUED)

Pursuant to the Series A Supplemental Agreements entered into between BTFL, the Company and the Series A Pre-IPO Investors on 25 April 2018, the Company agreed to issue the Series A Convertible Notes to the Series A Pre-IPO Investors in lieu of BTFL issuing the BTFL Convertible Notes on the same terms and conditions as set out in the Series A Main Agreements and the Series A Addendums.

On 25 May 2018, the Company issued an aggregate principal amount of $3,000,000 of Series A Convertible Notes to the Series A Pre-IPO Investors.

(b) Incorporation of the Company

The Company was incorporated in Singapore on 28 June 2017, in accordance with the Companies Act as an exempt private company limited by shares, under the name "Synagie Corporation Pte. Ltd." with an issued and paid-up share capital of $1.00 comprising one ordinary share.

(c) Incorporation of Synagie Sdn. Bhd.

Synagie Sdn. Bhd. was incorporated in Malaysia in accordance with the Companies Act 2016 on 17 July 2017 as a company limited by shares with an issued and paid-up share capital of comprising one share held by the Company. On 24 November 2017, 249,999 shares in Synagie Sdn. Bhd. were allotted to the Company. A further 1,000,000 shares in Synagie Sdn. Bhd. were allotted to the Company on 26 February 2018.

(d) Series B Pre-IPO Investments

Pursuant to the Series B Main Agreements entered into between BTFL, the Company and the Series B Pre-IPO Investors between 9 November 2017 and 29 December 2017, the Company agreed to issue the Series B Convertible Notes to the Series B IPO Pre-Investors having an aggregate principal amount of $2,500,000.

Under the Series B Main Agreements, the Series B Convertible Notes were converted into Shares ("**Synagie Shares**") based on a 50.0% discount to the valuation of the Company upon listing ("**Synagie Conversion Entitlement**"), save for Wang Yu Huei, Teo Khiam Chong and Island Asset Management Pte Ltd who were entitled to convert their Series B Convertible Notes into Shares at a conversion price of no more than 50.0% to the valuation of the Company upon listing, provided that the valuation of the Company for the purposes of a listing or a trade sale is always capped at $90.0 million ("**Valuation Capped Synagie Conversion Entitlement**").

BTFL, the Company and the Series B Pre-IPO Investors entered into the Series B Addendums between 14 November 2017 and 3 January 2018. Pursuant to the Series B Addendums, BTFL, the Company and the Series B Pre-IPO Investors deemed the valuation of the Company for purposes of the Synagie Conversion Entitlement and the Valuation Capped Synagie Conversion Entitlement to be $80.0 million ("**Synagie Assumed Valuation**"), and agreed to, correspondingly, fix the number of Synagie Shares to be issued to the Series B Pre-IPO Investors applying this Synagie Assumed Valuation, at 429,865 Synagie Shares. The Synagie Assumed Valuation was based on approximately ten times of the Group's total revenue earned in 2017.

On 25 May 2018, the Company issued an aggregate principal amount of $2,500,000 of Series B Convertible Notes to the Series B Pre-IPO Investors.

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1 **GENERAL** (CONTINUED)

(e) Acquisition of BTFL

Pursuant to the Share Swap Agreement, the Company acquired the entire shareholding of BTFL from the previous shareholders ("**Transferees**") who, collectively held 5,932,142 shares in BTFL, representing 100.0% of the BTFL shares.

In consideration of the Transferees' transfer of their shareholding in BTFL to the Company, the Company allotted and issued an aggregate of 5,932,141 new shares to the Transferees on 23 March 2018. The last remaining share in the Company was previously held by Mr Clement Lee Shieh-Peen, who subsequently transferred it to Metadrome Ltd on 23 March 2018 as part of the Restructuring Exercise.

(f) Incorporation of Synagie Pte. Ltd.

Synagie Pte. Ltd. was incorporated in Singapore on 22 March 2018, in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital comprising one share held by the Company.

(g) Incorporation of Synagie Insurtech Pte. Ltd.

Synagie Insurtech Pte. Ltd. was incorporated in Singapore on 12 April 2018, in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital comprising one share held by Synagie Pte. Ltd.

(h) Acquisition of the 1Care Global Pte. Ltd. ("**Insurtech Subsidiary**")

Synagie Pte. Ltd. acquired the entire shareholding of Insurtech Subsidiary for a consideration of $3,300,000 on 20 April 2018.

The transfer of economic interest in Insurtech Subsidiary was on 1 January 2018 whilst the transfer of legal interest in Insurtech Subsidiary was on 20 April 2018. All profits and receipts, and all losses and outgoing, accrual or payable in relation to Insurtech Subsidiary on and after 1 January 2018 shall belong to the Group.

(i) Conversion of the Company into a public company

On 27 June 2018, the Company changed its name to "Synagie Corporation Ltd." in connection with its conversion into a public company limited by shares.

(j) Share split in the Company

On 26 July 2018, the Company sub-divided each share in the Company into 30 shares. Following this share split, the issued and paid-up share capital of the Company was $7,400,000 comprising 177,964,260 shares.

(k) Conversion of the Convertible Notes issued under Series A Main Agreements and Series B Main Agreements.

On 26 July 2018, 100.0% of the principal amount of the Convertible Notes were converted into 40,740,733 shares.

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1 **GENERAL** (CONTINUED)

Basis of preparation of the combined financial statements

The Group resulting from the Restructuring Exercise above is regarded as a continuing entity throughout the years ended 31 December 2017 and 1 January 2017 as the Group is ultimately controlled by the common shareholders who collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities both before and after the Restructuring Exercise.

Accordingly, although the Company is only incorporated on 28 June 2017, the consolidated financial statements of the Group for these financial periods have been prepared using the principles of merger accounting on the basis that the Restructuring Exercise transfers the equity interest in the combining entities under the common control to the Company has been affected as at the beginning of these period presented in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and SFRS(I)s.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of SFRS(I) 1-17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 Inventories or value in use in SFRS(I) 1-36 Impairment of Assets.

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

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

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

c) Level 3 inputs are unobservable inputs for the asset or liability.

BASIS OF CONSOLIDATION – The consolidated financial statements comprise the financial statements of the Company and entities (including structured entities) controlled by the Company (its subsidiaries). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I)s are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions of the acquirer in accordance with SFRS(I) 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

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

Financial assets

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

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

NOTES TO FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and

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

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

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

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

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

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss under "other income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4b(vii).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other operating expenses" line item; and

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other operating expenses" line items.

NOTES TO FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely e-commerce solutions provider, e-logistics services and insurtech businesses.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- significant increases in credit risk on other financial instruments of the same debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Advances to related parties are assessed for expected credit losses on an individual basis);

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- past-due status;
- nature, size and industry of debtors;
- nature of collaterals for finance lease receivables; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument.

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity instruments

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

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is i) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, ii) held for trading, or iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other income" or "other operating expenses" line item.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Convertible Notes

Convertible Notes are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Where conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-Convertible Notes. The difference between the gross proceeds of the issue of the Convertible Notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (Convertible Notes reserve).

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In subsequent period, the liability component of the Convertible Notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in Convertible Notes reserve until the conversion option is exercised, in which case the balance stated in Convertible Notes reserve will be transferred to share capital. Where the option remains unexercised at the expiry date, the balance stated in the Convertible Notes reserve will be released to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transactions costs that relate to the issue of the Convertible Notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transactions costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability and amortised over the period of the Convertible Notes using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the “other income” or “other operating expense” line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

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

OFFSETTING ARRANGEMENTS – Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group and the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group as lessee

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

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

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises finished goods and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

PLANT AND EQUIPMENT – Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

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

Computers	–	3 years
Furniture and fittings	–	3 years
Office equipment	–	3 years
Renovation	–	3 years

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

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS – Intangible assets comprise software development costs which are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software developments costs are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives of three to five years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The intangible assets pertain to customer relationships acquired through business combinations. These intangible assets are amortised on a straight-line basis over their useful lives. Management has assessed the appropriate useful lives to be five years. The estimated useful lives and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

IMPAIRMENT OF NON-FINANCIAL ASSETS – At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill on acquisition of subsidiary is subject to annual impairment test or is more frequently tested for impairment if events or changes in circumstances indicate that it might be impaired.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

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

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

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

GOVERNMENT GRANTS – Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION – The Group recognises revenue from the following major sources:

(a) E-Commerce – sale of Body, Beauty, Baby ("**BBB**") products on online channels

The Group is involved in the selling of BBB products on online channels. Revenue from the sale of BBB products is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's location (delivery). A receivable is recognised by the Group and Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time required before payment is due.

Under the Group's standard contract terms, customers have a right of return within 14 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) E-Commerce – rendering of marketing support services

The Group provides a series of marketing support services. Such performance obligations are recognised as a performance obligation over time. Revenue is recognised for these services over the contract period. Management has assessed that the revenue recognition method is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

(c) E-Logistics – rendering of warehouse and logistics handling services

The Group provides a series of warehouse handling services – (1) Inbound deliveries; (2) Storage; (3) order processing; (4) Pick, Pack and Quality Control; and (5) Outbound deliveries. The warehouse handlings services are individually considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. Transaction price are allocated to the individual warehouse handling services based on its stand-alone selling price of these services.

Revenue relating to the warehouse handling services is recognised over time. Management has assessed that the revenue recognition method is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

(d) Insurtech – rendering of warranty support services, including the related administration services in handling and processing of warranty claims

The Group provides a series of warranty support services. Such performance obligations are recognised as a performance obligation over time. Revenue is recognised on a straight line basis over the period of service. Management has assessed that the revenue recognition method is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Revenue is measured based on the consolidation specified in a contract with a customer. The Group recognise revenue when it transfers control of a product or service to a customer.

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

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

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using the tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

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

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary company that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary company that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non- controlling interests and are not recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in translation reserve (attributed to non- controlling interests, as appropriate).

CASH AND CASH EQUIVALENT IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash at bank and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(a) Critical judgements in applying the entity's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations (see below).

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty

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

(i) Acquisition of subsidiary

As part of the PPA exercise, management engaged an independent valuation specialist to assess the fair value of identifiable assets acquired and liabilities assumed of Insurtech Subsidiary at the date of acquisition which was determined to be $4,405,000, including $1,916,000 of intangible assets pertaining to customer relationships and contracts. As a result, the remaining excess of purchase consideration over the fair value of identifiable assets acquired and liabilities assumed amounting to $2,171,000 has been recorded as goodwill in relation to this acquisition. The intangible assets are amortised on a straight-line basis over the period of expected benefits of five years.

The allocation of the purchase price to the identifiable assets acquired and liabilities assumed is determined based on their fair values at the date of acquisition, and the identification and valuation of intangible assets and resulting goodwill arising from the business combination requires significant judgment and the use of key management assumptions such as future contract revenue, gross margins and other factors. Details of the acquisition are disclosed in Note 29.

(ii) Impairment review of goodwill and intangible assets arising from the acquisition of subsidiary

Goodwill and intangible assets arise from the finalisation of the PPA exercise on the acquisition of Insurtech Subsidiary during the year. Intangible assets pertain to customer relationships and contracts carried at fair values at the date of acquisition and are amortised on a straight-line basis over the period of expected benefits of five years.

The Group is required to annually test goodwill for impairment or more frequently if there are indications that goodwill might be impaired. This assessment requires the exercise of significant management's judgement of future market conditions, including revenue growth rates, discount rates, as well as the cash generating unit ("**CGU**") on which the goodwill is tested for impairment.

The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 11.

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(iii) Allowance for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less all estimated costs to be incurred in selling and distribution.

Management reviews the inventory listing on a periodical basis to identify aged inventories. This involves comparison of carrying value of the aged inventory items with their respective net realisable values. The purpose is to ascertain whether allowance or write-off is required to be made in the financial statements for any obsolete and slow-moving items. During the year, write-off of inventories and allowance for inventory obsolescence amounted to $118,000 (2017: Nil) and $54,000 (31 December 2017: Nil, 1 January 2017: Nil) respectively.

Management estimates the net realisable value for goods for resale based primarily on the selling prices at which the inventories could be realised. The carrying amount of the inventories is disclosed in Note 9.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group			Company	
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000
Financial assets					
Financial assets at amortised cost	**13,368**	4,449	584	**16,909**	386
Financial liabilities					
Financial liabilities at amortised cost	**6,118**	6,363	1,237	**3,521**	609
Contingent consideration at FVTPL	**3,042**	–	–	**–**	–
	9,160	6,363	1,237	**3,521**	609

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT** (CONTINUED)

(b) **Financial risk management policies and objectives**

Management monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

(i) Market risk management

The Group's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Management monitors risks associated with changes in foreign currency exchanges rates and interest rates and will consider appropriate measures should the need arises.

There has been no significant change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

(ii) Foreign currency risk management

The Group's foreign currency exposures arise mainly from the exchange rate movements of the United States dollar against Singapore dollar.

At the end of the reporting period, carrying amounts of significant monetary assets and liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group			Company	
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**	**31 December 2018 $'000**	**31 December 2017 $'000**
Assets					
United States dollar	**2,801**	1	1	**9**	–
Liabilities					
United States dollar	**1,475**	20	23	**–**	–

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusted their translation at the period end for a 5% range in foreign currency rates.

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

If the relevant foreign currency weakens by 10% against the functional currency of each Group's entity, loss after tax will increase (decrease) by:

	Group			Company	
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000
United States dollar	**133**	(2)	(2)	*	–

* – Less than $1,000

(iii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group as a result of fluctuation in interest rates. No interest rate sensitivity was performed since the Group does not expect any material effect on the Group's profit or loss as majority of its interest bearing instruments are subject to fixed interest rates.

(iv) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2018, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold collateral to cover its credit risks associated with its financial assets.

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's trade and other receivables, as well as maximum exposure to credit risk by credit risk rating grades:

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2018						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	**5,336**	**(20)**	**5,316**
Deposits	8	Performing	12-month ECL	**438**	**–**	**438**
Other receivables	8	Performing	12-month ECL	**84**	**–**	**84**

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2017						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	2,251	–	2,251
Deposits	8	Performing	12-month ECL	357	–	357
Other receivables	8	Performing	12-month ECL	14	–	14

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
1 January 2017						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	434	–	434
Deposits	8	Performing	12-month ECL	105	–	105

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2018						
Other receivables	8	Performing	12-month ECL	**18**	**–**	**18**
Advances to subsidiaries	8	Performing	12-month ECL	**11,355**	**–**	**11,355**

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2017						
Advances to subsidiaries	8	Performing	12-month ECL	358	–	358

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Note 8 includes further details on the loss allowance for these receivables.

(v) Credit risk management

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts owing to the Group, resulting in a loss to the Group. The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk.

The credit policy sets out the guidelines on extending credit terms to customers, including assessment and valuation of customers' credit reliability and periodic review of their financial status to determine credit limits to be granted.

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

The Group has no significant concentration of credit risk with exposure spread over a large number of counterparties and customers.

(vi) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its operating activities. The Group has adequate credit facilities to meet all its operational requirements.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount at the financial liability at on the statements of financial position.

Group	**Weighted average effective interest rate %**	**Repayable on demand or within 1 year $'000**	**Within 2 to 5 years $'000**	**Adjustment $'000**	**Total $'000**
At 31 December 2018					
Non-interest bearing	–	**6,118**	**–**	**–**	**6,118**
Other payable	6.30	**–**	**3,300**	**(258)**	**3,042**
		6,118	**3,300**	**(258)**	**9,160**
At 31 December 2017					
Non-interest bearing	–	3,482	–	–	3,482
Convertible Notes	6.00	–	3,225	(344)	2,881
		3,482	3,225	(344)	6,363
At 1 January 2017					
Non-interest bearing	–	1,237	–	–	1,237

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

Company	Weighted average effective interest rate %	Repayable on demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustment $'000	Total $'000
At 31 December 2018					
Non-interest bearing	–	**3,521**	**–**	–	**3,521**
At 31 December 2017					
Non-interest bearing	–	2	–	–	2
Convertible Notes	6.00	–	679	(72)	607
		2	679	(72)	609

Non-derivative financial assets

The Group and the Company's non-derivative financial assets are repayable within one year and non-interest bearing (Note 8), except for short-term interests on cash balances (Note 7) which is relatively insignificant.

(vii) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following level:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

The fair value of the other payable which comprise of mainly contingent consideration arising from business combination (Note 4), is measured based on Level 3. The valuation technique applied is discounted cash flow and key inputs are the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, discounted at the pre-tax cost of debt (estimated based on the industry weighted average cost of capital at the end of the reporting period).

There was no transfer between Level 1 and Level 2 of the fair value hierarchy in the period.

The following table gives information about how the fair value of the financial liability is determined, in particular, the valuation technique and inputs used.

	Fair value hierarchy as at 31 December 2018		31 December 2017		1 January 2017					
	Assets $'000	**Liabilities $'000**	**Assets $'000**	**Liabilities $'000**	**Assets $'000**	**Liabilities $'000**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Group										
Other payable (Note 16)	–	3,042	–	–	–	–	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the other payable.	Discount rate of 6.33% per annum	A slight increase in the discount rate used in isolation would result in an increase in the fair value

During the financial year, an amount of $16,000 (2017: NIL) was recorded in the consolidated statement of profit or loss and other comprehensive income as the fair value adjustment

Company

The Company had no financial assets or liabilities carried at fair value in 2017 and 2018.

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged since incorporation.

The capital structure of the Group comprises only of issued share capital and reserves.

The Group is not subject to any externally imposed capital requirements.

NOTES TO FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 RELATED COMPANY TRANSACTIONS

Related company in these financial statements refer to the Company's group of companies.

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

Transactions between the Company and its subsidiaries, which are the related companies of the Group, have been eliminated on consolidation and are not disclosed in this note.

6 RELATED PARTY TRANSACTIONS

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

Related parties are the companies in which the directors of the Company have a controlling interest and shareholders of the Company.

During the financial year, the Group entered into the following significant related party transactions:

Compensation of directors and key management personnel

The remuneration of directors and other member of key management personnel during the year are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Short-term benefits	**1,019**	565
Post-employment benefits	**74**	37
	1,093	602

7 CASH AND CASH EQUIVALENTS

	Group			Company	
	31 December 2018	**31 December 2017**	**1 January 2017**	**31 December 2018**	**31 December 2017**
	$'000	$'000	$'000	**$'000**	$'000
Cash at bank	**1,535**	1,822	42	**36**	28
Fixed deposits	**5,989**	–	–	**5,500**	–
Cash on hand	**6**	5	3	**–**	–
	7,530	1,827	45	**5,536**	28
Less: Monies pledged with bank	**(211)**	(150)	–	**–**	–
Cash and cash equivalents in the statement of cash flows	**7,319**	1,677	45	**5,536**	28

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7 CASH AND CASH EQUIVALENTS (CONTINUED)

As at 31 December 2018, fixed deposits bore average interest at 1.43% per annum (31 December 2017: Nil, 1 January 2017: Nil) and for a tenure between 1 to 6 months (31 December 2017: Nil, 1 January 2017: Nil). The fixed deposits can be readily converted into cash and is subject to an insignificant risk of changes in value.

Monies have been pledged to certain financial institution for providing a guarantee for operating activities of the Group. The pledged amount can only be withdrawn upon the expiry of the guarantee.

8 TRADE AND OTHER RECEIVABLES

	Group			Company	
	31 December 2018 \$'000	**31 December 2017 \$'000**	**1 January 2017 \$'000**	**31 December 2018 \$'000**	**31 December 2017 \$'000**
Trade					
Outside parties	**5,336**	2,251	313	**–**	–
Related parties	**–**	–	121	**–**	–
	5,336	2,251	434	**–**	–
Loss allowance	**(20)**	–	–	**–**	–
	5,316	2,251	434	**–**	–
Non-trade					
Deposits	**438**	357	105	**–**	–
Prepayments	**26**	78	3	**–**	–
GST receivables	**63**	79	–	**–**	–
Other receivables	**84**	14	–	**18**	–
Advances to subsidiaries[(1)] (Note 5)	**–**	–	–	**11,355**	358
	611	528	108	**11,373**	358
Deferred service costs					
Outside parties	**2,736**	–	–	**–**	–
	8,663	2,779	542	**11,373**	358

(1) As at 31 December 2017, the advance to subsidiary of \$358,000 relates to an advance made to a party which was considered as a related party prior to the Restructuring Exercise (Note 1).

Deferred service costs

Costs relating to warranty services is recognised over time although the Group pays up-front in full for these services. These costs are amortised on a straight-line basis over the period of warranty services.

Analysis of trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (31 December 2017: 14 to 30 days, 1 January 2017: 14 to 30 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group assesses the potential customer's credit quality and determines credit limits to be allowed before accepting any new customer. Credit limits granted to customers are reviewed regularly.

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

Loss allowance for trade receivables are measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of $20,000, representing receivables over 60 days past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Group				
	Trade receivables – days past due				
31 December 2018	**Not past due**	**1 to 30 days**	**31 to 60 days**	**> 60 days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Estimated total gross carrying amount at default	**4,328**	**410**	**72**	**526**	**5,336**
Lifetime ECL	**–**	**–**	**–**	**(20)**	**(20)**
					5,316

	Group				
	Trade receivables – days past due				
31 December 2017	**Not past due**	**1 to 30 days**	**31 to 60 days**	**> 60 days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Estimated total gross carrying amount at default	1,777	166	81	227	2,251
Lifetime ECL	–	–	–	–	–
					2,251

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group				
	Trade receivables – days past due				
1 January 2017	Not past due $'000	1 to 30 days $'000	31 to 60 days $'000	> 60 days $'000	Total $'000
Estimated total gross carrying amount at default	238	69	121	6	434
Lifetime ECL	–	–	–	–	–
					434

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL – credit-impaired		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
At beginning of the year	–	–	–
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	20	–	–
At the end of the year	20	–	–

Analysis of non-trade receivables

The amounts due from subsidiaries and a related party are non-trade, unsecured, interest-free and repayable on demand.

For purpose of impairment assessment, the non-trade receivables are considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the group of companies and there has been no significant increase in the risk of default on the amounts due from subsidiaries and a related party since initial recognition. Accordingly, for the purpose of impairment assessment for this non-trade receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the financial position of the subsidiaries and related party, adjusted for factors that are specific to the subsidiaries and related party and general economic conditions of the industry in which the subsidiaries and related party operate, in estimating the probability of default of the trade amounts due from subsidiary and related party as well as the loss upon default. Management determines the non-trade receivables are subject to immaterial credit loss.

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9 INVENTORIES

	Group			Company	
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000
Trading stocks, at cost	**2,029**	1,462	441	–	–
Less: Allowance for inventory obsolescence	**(54)**	–	–	–	–
	1,975	1,462	441	–	–
Cost of inventories included in cost of sales	**8,105**	5,927	2,606	–	–

Movement in the allowance for inventory obsolescence:

	Group			Company	
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000
Balance at beginning of the year	–	–	–	–	–
Increase in allowance recognised in profit or loss	**(54)**	–	–	–	–
Balance at end of the year	**(54)**	–	–	–	–

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 PLANT AND EQUIPMENT

	Computers $'000	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Total $'000
Group					
Cost:					
At 1 January 2017	21	82	18	108	229
Additions	21	10	23	98	152
Written off	(3)	(82)	(4)	(131)	(220)
At 31 December 2017	39	10	37	75	161
Additions	99	55	32	63	249
Acquired on acquisition of a subsidiary (Note 29)	7	–	–	–	7
Disposal	(12)	–	–	–	(12)
Written off	(8)	–	–	–	(8)
At 31 December 2018	**125**	**65**	**69**	**138**	**397**
Accumulated depreciation:					
At 1 January 2017	13	34	9	52	108
Depreciation	9	11	5	24	49
Written off	(2)	(43)	(2)	(65)	(112)
At 31 December 2017	20	2	12	11	45
Depreciation	30	11	18	41	100
Disposal	(12)	–	–	–	(12)
Written off	(8)	–	–	–	(8)
At 31 December 2018	**30**	**13**	**30**	**52**	**125**
Carrying amount:					
At 31 December 2018	**95**	**52**	**39**	**86**	**272**
At 31 December 2017	19	8	25	64	116
At 1 January 2017	8	48	9	56	121

NOTES TO FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 PLANT AND EQUIPMENT (CONTINUED)

	Computers $'000
Company	
Cost:	
At June 28, 2017 (date of incorporation) and 31 December 2017	–
Additions	5
At 31 December 2018	5
Accumulated depreciation:	
At June 28, 2017 (date of incorporation) and 31 December 2017	–
Depreciation	*
At 31 December 2018	*
Carrying amount:	
At 31 December 2018	5
At 31 December 2017	–

* – Less than $1,000

11 GOODWILL

	Group 2018 $'000	Group 2017 $'000
Cost:		
At 1 January 2017 and 31 December 2017	–	–
Arising on acquisition of a subsidiary (Note 29)	2,171	–
At 31 December 2018	2,171	–
Carrying amount:		
At 31 December 2018	2,171	–
At 31 December 2017 and 1 January 2017	–	–

Goodwill acquired in a business combination is allocated, at acquisition, to the CGU that are expected to benefit from the business combination. The carrying amount of goodwill has been allocated to the Insurtech CGU, arising from the acquisition of Insurtech Subsidiary.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the future contract revenue, gross margins and other factors. Management estimates discount rate using pre-tax rate that reflect current market assessment of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts and expectations of future changes in the market.

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11 GOODWILL (CONTINUED)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and thereafter budget a perpetual growth of 2.00%. This rate does not exceed the average long term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the Insurtech CGU is 11.00%.

As at 31 December 2018, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amount to be below the carrying amounts of CGU.

12 INTANGIBLE ASSETS

	Software construction-in-progress $'000	Software $'000	Customer contracts/ relationships $'000	Total $'000
Group				
Cost:				
At 1 January 2017	72	286	–	358
Additions	187	*	–	187
At 31 December 2017	259	286	–	545
Additions	274	8	–	282
Acquired on acquisition of a subsidiary (Note 29)	–	–	1,916	1,916
Transfer	(259)	259	–	–
At 31 December 2018	**274**	**553**	**1,916**	**2,743**
Accumulated amortisation:				
At 1 January 2017	–	105	–	105
Amortisation	–	95	–	95
At 31 December 2017	–	200	–	200
Amortisation	–	136	255	391
At 31 December 2018	**–**	**336**	**255**	**591**
Carrying amount:				
At 31 December 2018	**274**	**217**	**1,661**	**2,152**
At 31 December 2017	259	86	–	345
At 1 January 2017	72	181	–	253

* – Less than $1,000

The customer contracts and relationship arises from the acquisition of Insurtech Subsidiary is disclosed in Note 29. The remaining amortisation period of the customer contracts and relationship is four years.

The amortisation of customer contracts and relationship is included in the "Administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13 INVESTMENT IN SUBSIDIARIES

	Company	
	2018	2017
	$'000	$'000
Unquoted equity shares, at cost	**9,408**	414

Details of the Group's subsidiaries at 31 December 2018 are as follows:

Name of subsidiary	Principal activities	Date and country of incorporation	Voting power held and ownership interest 2018 %	2017 %
Synagie Sdn. Bhd.*	Warehousing and storage services, retail sale of any kind of product over the internet and wholesale of other household goods	17 July 2017/ Malaysia	**100**	100
BTFL Pte. Ltd.**	Value added logistics providers and retail sale via internet	28 November 2014/ Singapore	**100**	–
Synagie Pte. Ltd.**	Investment holding	22 March 2018/ Singapore	**100**	–
Synagie Insurtech Pte. Ltd.**	Other information technology and computer service activities	12 April 2018/ Singapore	**100**	–
1Care Global Pte. Ltd.**(1)	Other information technology and computer service activities and general wholesale trade (including general importers and exporters)	17 August 2010/ Singapore	**100**	–
1Care Global (Vietnam) Company Limited(2)	Dormant	14 December 2011/ Vietnam	**100**	–
Synagie Inc.	Dormant	15 October 2018/ Philippines	**100**	–
Synagie (Vietnam) Company Limited	Dormant	6 December 2018/ Vietnam	**100**	–

* – Audited by Deloitte Touche Tohmatsu Limited, Malaysia.

** – Audited by Deloitte & Touche LLP, Singapore.

(1) – Acquired by the Group on 20 April 2018 (Note 29).

(2) – 1Care Global (Vietnam) Company Limited has commenced member's voluntary liquidation as at year end and was subsequently dissolved on 15 January 2019.

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14 TRADE AND OTHER PAYABLES

	Group			Company	
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000
Trade					
Outside parties	**4,087**	2,593	502	**–**	–
Non-trade					
Other payables	**1,470**	592	251	**36**	2
Accruals	**561**	297	243	**85**	–
GST payable	**33**	–	29	**33**	–
Advances from subsidiaries (Note 5)	**–**	–	–	**3,400**	–
Advances from shareholders (Note 6)	**–**	–	183	**–**	–
Advances from a related party (Note 6)	**–**	–	58	**–**	–
	2,064	889	764	**3,554**	2
Deferred service revenue					
Outside parties	**4,369**	–	–	**–**	–
	10,520	3,482	1,266	**3,554**	2

Deferred service revenue

Revenue relating to warranty services is recognised over time although the customer pays up-front in full for these services. A contact liability is recognised for revenue relating to the warranty services at the time of the initial sales transaction and is released over the service period.

The credit period on purchases of goods and services from outside parties is 30 to 60 days (31 December 2017: 30 to 60 days, 1 January 2017: 30 to 60 days). No interest is charged on trade and other payables.

The advances from subsidiaries, shareholders and a related party are unsecured, interest-free and repayable on demand.

NOTES TO FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15 CONVERTIBLE NOTES

The Convertible Notes are unsecured, bear fixed interest at 6.00% per annum and intended for use as working capital and for the purpose of expansion by the Group prior to the listing of the Company.

As the conversion option is settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's equity instruments, the conversion option embedded in the Convertible Notes is classified as Convertible Notes reserve. At inception, the embedded conversion option is bifurcated from the host instrument and recorded as Convertible Notes reserve. The liability component of the Convertible Notes is initially measured at fair value net of related transaction costs, and are subsequently measured at amortised cost.

During the year, the Group had entered into additional Investment Agreements with various parties to raise Convertible Notes of $1,700,000. At inception, the fair value of the liability component of the Convertible Notes approximates to $1,042,000.

Pursuant to the Supplemental Agreements dated 25 April 2018, the Company substituted its subsidiary – BTFL Pte. Ltd. as the named borrower in the Investment Agreements entered into as at 31 December 2017.

On July 26, 2018, the entire principal amount of the Convertible Notes amounting to $4,523,000 was converted into 40,740,733 shares pursuant to the terms and conditions of the Convertible Notes as disclosed in Note 18.

Reconciliation of liabilities arising from financing activities

The table below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2018	Financing cash flow	Non-cash changes			31 December 2018
			Equity component of Convertible Notes	Amortisation of Convertible Notes	Conversion of Convertible Notes	
	$'000	$'000	$'000	$'000	$'000	$'000
Convertible Notes	**2,881**	1,700	(658)	600	(4,523)	–

	1 January 2017	Financing cash flow	Non-cash changes			31 December 2017
			Equity component of Convertible Notes	Amortisation of Convertible Notes	Conversion of Convertible Notes	
	$'000	$'000	$'000	$'000	$'000	$'000
Convertible Notes	–	3,800	(1,111)	192	–	2,881

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16 OTHER PAYABLE

Other payable represents the contingent consideration for the acquisition of a subsidiary – Insurtech Subsidiary. As part of the acquisition deal, an earn-out incentive will be awarded based on the financial performance of Insurtech Subsidiary in 2018 and 2019. The contingent consideration requires the Group to pay the vendor an additional $3,300,000 if the Insurtech Subsidiary's revenue and profit after tax in each year of 2018 and 2019 exceeds $5,500,000 ("**Revenue Target**") and $1,300,000 ("**NPAT Target**") respectively as disclosed in Note 29.

As at 31 December 2018, the management is of the opinion that the earn-out incentive of $3,300,000 will be achieved. As a result, the associated payments of $3,300,000 have been duly accrued at the discounted rate of 6.3% upon inception as follows:

	Group		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
At inception of acquisition	**3,026**	–	–
Fair value adjustment	**16**	–	–
At end of the year	**3,042**	–	–

17 DEFERRED TAX LIABILITIES

Deferred tax liabilities arose from fair value adjustment on intangible assets – customer contracts/relationship and deferred service revenue in relation to the acquisition of a subsidiary as disclosed in Note 29.

	Intangible assets – Customer contracts/ relationships $'000	**Deferred service revenue $'000**	**Total $'000**
<u>Group</u>			
At 1 January 2017 and 31 December 2017	–	–	–
Acquisition of a subsidiary (Note 29)	326	94	420
Credit to profit or loss for the year (Note 27)	(43)	(14)	(57)
At 31 December 2018	283	80	363

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18 SHARE CAPITAL

	Group			Company	
Number of ordinary shares	**31 December 2018 '000**	**31 December 2017 '000**	**1 January 2017 '000**	**31 December 2018 '000**	**31 December 2017 '000**
Issued and paid up:					
At beginning of the year/date of incorporation	**5,932**	3,641	3,500	*	*
Capital contribution allotted	–	1,820	–	–	–
Issue of shares	–	471	141	–	–
Restructuring Exercise[(1)]	–	–	–	**5,932**	–
Share split[(2)]	**172,032**	–	–	**172,032**	–
Conversion of Convertible Notes[(3)]	**40,741**	–	–	**40,741**	–
New shares issued pursuant to IPO[(4)]	**43,000**	–	–	**43,000**	–
At end of the year	**261,705**	5,932	3,641	**261,705**	*

	Group			Company	
Share capital	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017 $'000**	**31 December 2018 $'000**	**31 December 2017 $'000**
Issued and paid up:					
At beginning of the year/ date of incorporation	**7,392**	4,080	3,500	*	*
Capital contribution allotted	–	1,000	–	–	–
Issuance of shares	–	2,312	580	–	–
Restructuring Exercise[(1)]	**7,400**	–	–	**7,400**	–
Share swap pursuant to Restructuring Exercise[(1)]	**(7,392)**	–	–	–	–
Share split[(2)]	–	–	–	–	–
Conversion of Convertible Notes[(3)]	**5,500**	–	–	**5,500**	–
New shares issued pursuant to IPO[(4)]	**11,610**	–	–	**11,610**	–
Share issuance expenses capitalised in equity[(4)]	**(741)**	–	–	**(741)**	–
At end of the year	**23,769**	7,392	4,080	**23,769**	*

* – Less than $1,000

(1) On 23 March 2018, the Company allotted and issued an aggregate of 5,932,141 new shares in share capital of the Company for the acquisition of the Company's subsidiary pursuant to the Restructuring Exercise.

(2) On 26 July 2018, the Company split 5,932,142 shares in the issued and paid-up capital of the Company into 172,032,118 shares.

(3) On 26 July 2018, the entire principal amount of the Convertible Notes were converted into 40,740,733 shares.

(4) On 8 August 2018, an additional 43,000,000 new shares were allotted and issued in connection with the listing of the Company on SGX-Catalist. As such, the enlarged share capital of the Company was approximately $23,769,000 comprising 261,704,993 ordinary shares, after taking into account the capitalisation of IPO listing expenses of approximately $741,000.

The number of shares and carrying amount of the issued and paid up Shares as of 1 January 2017 and 31 December 2017 of the Group represented the aggregate Shares of the combining entities as described in Note 1.

All fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends, as and when declared by the Company.

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19 CONVERTIBLE NOTES RESERVE

This represents the fair value of the conversion option to convert the equity component of the Convertible Notes into ordinary shares of the Company, determined at the inception (Note 15).

On 28 July 2018, the entire principal amount of the Convertible Notes was converted into shares. Accordingly, the Convertible Notes reserve of $1,769,000 was converted to share capital of the Company as at 31 December 2018. The excess of the liability and equity component of the Convertible Notes and principal amount of the Convertible Notes amounting to $792,000 has been reclassified to “Other reserve” upon conversion.

20 MERGER RESERVE

Merger reserve arises from the Restructuring Exercise which involved related parties under common control and represents the difference between the consideration paid by the Company and the equity of the subsidiary acquired under common control that are accounted for by applying the “pooling-of-interest” method.

21 OTHER RESERVE

This represents the excess of the Convertible Notes reserve and principal amount of the Convertible Notes upon conversion to share capital of the Company (Note 19).

22 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 30).

A disaggregation of the Group’s revenue for the year, is as follows:

	Group	
	2018	**2017**
	$’000	**$’000**
E-commerce		
– Sale of products on online channels recognised at a point in time	**9,569**	5,522
– Marketing support fees recognised over time	**2,461**	1,630
E-logistics		
– Warehouse and logistics support fees recognised over time	**952**	877
Insurtech		
– Sale of warranty support services recognised over time	**3,069**	–
	16,051	8,029

23 OTHER INCOME

	Group	
	2018	**2017**
	$’000	**$’000**
Gain on disposal of plant and equipment	**1**	–
Government grants	**124**	–
Interest income	**34**	–
Others	**38**	16
	197	16

NOTES TO FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 OTHER OPERATING EXPENSES

	Group	
	2018	2017
	$'000	$'000
Impairment loss on financial assets, subject to ECL	20	–
Allowance for inventory obsolescence	54	–
Bad debts written off	87	–
Inventories written off	118	–
Net foreign exchange loss	5	–
Plant and equipment written off	–	109
	284	109

25 FINANCE COSTS

	Group	
	2018	2017
	$'000	$'000
Amortisation of Convertible Notes	600	192
Fair value of other payable (Note 16)	16	–
Interest expense	4	12
	620	204

26 LOSS FOR THE YEAR

This is determined after charging the following:

	Group	
	2018	2017
	$'000	$'000
Audit fees to auditor of the Company	133	81
Non-audit fees to auditor of the Company*	30	–
Amortisation of intangible assets	391	95
Inventories written off	118	–
Directors' remuneration	790	660
Director fees	123	–
Depreciation of plant and equipment	100	49
IPO listing expenses**	1,043	152
Staff costs (including director's remuneration)	3,464	2,023
Cost of defined contribution plans included in staff costs	360	382

* The Audit Committee had reviewed the non-audit services provided by the auditor, Deloitte & Touche LLP, Singapore and was of the opinion that these services would not affect the independence of the auditor.

** This includes an amount of $160,000 paid to the auditor of the Company in relation to the IPO.

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27 INCOME TAX CREDIT

	Group	
	2018	**2017**
	$'000	**$'000**
Current income tax:		
– Current tax expense	**(10)**	–
– Overprovision in prior year	**17**	–
	7	–
Deferred tax:		
– Credit to profit or loss	**57**	–
	64	–

Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting loss as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Loss before income tax	**(7,451)**	(3,383)
Income tax expense calculated at 17%	**(1,267)**	(575)
Non-deductible expenses	**151**	53
Exempt income	**(14)**	–
Overprovision in prior year	**(17)**	–
Effect of unutilised tax losses and other temporary differences not recognised as deferred tax assets	**832**	546
Effect of tax losses not available for set off against future income	**256**	–
Effect of different tax rates of overseas subsidiary	**(4)**	(23)
Others	**(1)**	(1)
Income tax credit	**(64)**	–

As at 31 December 2018, the Group has unabsorbed tax losses of approximately $13,623,000 (2017: $7,551,000) available for offsetting against future taxable income. The unrecorded deferred tax benefits arising from unutilised tax losses and other temporary differences amounted to approximately $1,032,000 and $45,000 (2017: $468,000 and $78,000) respectively.

No deferred tax asset has been recognised due to the unpredictability of future profit streams.

NOTES TO FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary owners of the Company is based on the following data:

	2018	2017
Loss for the year attributable to owners of the Company ($'000)	**(7,387)**	(3,383)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	**169,153,294**	144,956,370
Basic and diluted (cents per share)	**(4.37)**	(2.33)

The loss per share were computed based on weighted average number of shares adjusted to take into account the share split and conversion of Convertible Notes for the financial year ended 31 December 2018.

The number of ordinary shares outstanding was retrospectively adjusted for the effect of the share split. The number of shares outstanding is adjusted as if the share split was on the first day of prior year.

29 ACQUISITION OF A SUBSIDIARY

On 20 April 2018, the Group completed the acquisition of the entire issued share capital of Insurtech Subsidiary for a cash consideration of $1,293,808; net of related party loans of $2,006,192.

This acquisition has been accounted for by the acquisition method of accounting. The transfer of economic interest in Insurtech Subsidiary was on 1 January 2018 whilst the transfer of legal interest in Insurtech Subsidiary was on 20 April 2018. All profits and receipts, and all losses and outgoing, accrual or payable in relation to Insurtech Subsidiary on and after 1 January 2018 shall belong to the Group.

The Insurtech Subsidiary is an entity incorporated in Singapore with its principal activity being the provision of information technology and computer services. The Group acquired Insurtech Subsidiary primarily for the addition of a complementary capability of the Group, allowing for potential opportunities to expand its customer base and service offerings.

Total consideration transferred (at acquisition date fair values):

	$'000
Cash	1,294
Offset arrangement for related party loans	2,006
Contingent consideration arrangement(1)	3,026
Refund for excess of net cash balance(2)	250
Total	6,576

(1) As part of the acquisition deal, an earn-out incentive will be awarded based on the financial performance of the Insurtech Subsidiary in 2018 and 2019. The contingent consideration requires the Group to pay the vendor an additional $3,300,000 if Insurtech Subsidiary's revenue and profit after tax in each years 2018 and 2019 exceeds $5,500,000 ("**Revenue Target**") and $1,300,000 ("**NPAT Target**") respectively.

For financial year ended 31 December 2018 ("**FY2018**"), as Insurtech Subsidiary's actual revenue and NPAT were below the Revenue Target and NPAT Target, the relevant shortfalls are carried forward to the Revenue Target for FY2019 ("**Revised Revenue Target**") and the NPAT Target for FY2019 ("**Revised NPAT Target**"). The earn-out consideration of $2,000,000 ("**First Earn-Out Consideration**") was withheld and deferred to 31 December 2019 ("**FY2019**").

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 ACQUISITION OF A SUBSIDIARY (CONTINUED)

For financial year ending FY2019, if Insurtech Subsidiary's actual revenue exceeds the Revised Revenue Target and actual NPAT exceeds the Revised NPAT Target, an additional earn-out consideration of $1,300,000 will be paid out ("**Second Earn-Out Consideration**") on top of the First Earn-Out Consideration.

If Insurtech Subsidiary's actual revenue and/or NPAT falls short of the Revised Revenue Target and the Revised NPAT Target, the Group shall be entitled to offset the aggregate of the two shortfall amounts, from the aggregate of the First Earn-Out Consideration and the Second Earn-Out Consideration.

In the event if Insurtech Subsidiary suffers a net loss after tax in FY2019, the Group is entitled to demand from the Insurtech Vendor the amount of net loss after tax for the relevant year.

As at 31 December 2018, management is of the opinion that the earn-out incentive of $3,300,000 will be achieved. As a result, the associated payments of $3,300,000 have been duly accrued at the discounted rate of 6.30%, as "Other payable" under non-current liability.

(2) Upon completion of the acquisition, Insurtech Subsidiary's net cash balance (determined as current assets minus current liabilities, excluding deferred service costs, prepayments and inventories as at 31 December 2017) exceeded the agreed amount of $3,300,000 by more than $250,000. On 2 May 2018, pursuant to the terms of the purchase agreement and its addendums, the excess of net cash capped at $250,000 was refunded to the vendor.

Identified assets acquired and liabilities assumed at date of acquisition:

	$'000
Current assets	
Cash and cash equivalents	833
Trade and other receivables	4,645
Assets classified as held for sale	1,647
Inventories	6
Non-current assets	
Plant and equipment	7
Intangible assets – customer contracts/relationship	1,916
Current liabilities	
Trade and other payables	(3,950)
Liabilities classified as held for sale	(69)
Income tax payable	(210)
Non-current liability	
Deferred tax liabilities	(420)
Net assets acquired and liabilities assumed	4,405

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 ACQUISITION OF A SUBSIDIARY (CONTINUED)

Net cash outflow on acquisition of a subsidiary:

	$'000
Consideration paid in cash	1,294
Refund for excess of net cash balance	250
Cash and cash equivalent balances acquired	(833)
	711

Goodwill arising on acquisition:

	$'000
Consideration transferred	6,576
Less: fair value of identifiable net assets acquired	(4,405)
Goodwill arising on acquisition (Note 11)	2,171

Goodwill arose in the acquisition of Insurtech Subsidiary because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Intangible assets – customer contracts/relationships

The Group has also acquired the customer contracts and relationship of Insurtech Subsidiary as part of the acquisition. The identification and valuation of intangible assets arising from the business combination requires significant judgement and the use of key management assumptions such as future contract revenue, gross margins and other factors. These assets have been separately identified as intangible assets.

Impact of acquisition on the results of the Group

Revenue and profit after tax arising from the acquisition amounted to $2,861,000 and $506,000 respectively.

30 SEGMENTAL INFORMATION

For purposes of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn are segregated based on the type of goods and services supplied. This forms the basis of identifying the segments of the Group under SFRS(I) 8 Operating segments as follows:

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristics, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, and if applicable, the nature of the regulatory environment.

The Group has three reportable operating segments:

- E-Commerce – providing brand partners in transforming the traditional business models into an online model.

- E-Logistics – providing brand partners with e-commerce fulfilment solutions and online to offline (O2O) fulfilment solutions.

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30 SEGMENTAL INFORMATION (CONTINUED)

- Insurtech – providing third party administration and value-added services to brand partners in the computer, communication and consumer electronic sector, manage and execute their extended warranty and accidental damage protection programs.

Segment revenues and results

The following is an analysis of the group's revenue and results by reportable segment:

	E-Commerce $'000	E-Logistics $'000	Insurtech $'000	Investment holding $'000	Total $'000
2018					
Revenue					
Segment revenue	**12,030**	**952**	**3,069**	**–**	**16,051**
Results					
Segment results	**(4,481)**	**133**	**262**	**(2,658)**	**(6,744)**
Other income	**–**	**–**	**–**	**–**	**197**
Other operating expenses	**(192)**	**(87)**	**(5)**	**–**	**(284)**
Finance costs	**–**	**–**	**–**	**–**	**(620)**
Loss before income tax					**(7,451)**
Income tax credit					**64**
Loss for the year					**(7,387)**
2017					
Revenue					
Segment revenue	7,152	877	–	–	8,029
Results					
Segment results	(3,280)	194	–	*	(3,086)
Other income	–	–	–	–	16
Other operating expenses	–	–	–	–	(109)
Finance costs	–	–	–	–	(204)
Loss before income tax					(3,383)
Income tax expense					–
Loss for the year					(3,383)

* – Less than $1,000

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30 SEGMENTAL INFORMATION (CONTINUED)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

	E-Commerce $'000	E-Logistics $'000	Insurtech $'000	Investment holding $'000	Total $'000
31 December 2018					
Assets and liabilities					
Segment assets	**5,996**	**243**	**6,139**	**3,936**	**16,314**
Unallocated assets					**6,449**
Total assets					**22,763**
Segment liabilities	**4,048**	**119**	**6,209**	**3,573**	**13,949**
Unallocated liabilities					**–**
Total liabilities					**13,949**
31 December 2017					
Assets and liabilities					
Segment assets	4,201	502	–	–	4,703
Unallocated assets					1,826
Total assets					6,529
Segment liabilities	3,376	106	–	–	3,482
Unallocated liabilities					2,881
Total liabilities					6,363
1 January 2017					
Assets and liabilities					
Segment assets, representing total assets	1,168	234	–	–	1,402
Segment liabilities, representing total liabilities	1,189	77	–	–	1,266

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30 SEGMENTAL INFORMATION (CONTINUED)

Geographical information

The Group operates in two principal geographical areas – Singapore and Malaysia. The Group's revenue from external customers and information about its segment assets by geographical location are detailed below:

	Revenue		Non-current assets		
			31 December	31 December	1 January
	2018	2017	2018	2017	2017
	S$'000	S$000	S$'000	S$'000	$'000
Customer location					
Singapore	**15,042**	8,020	**4,477**	460	374
Malaysia	**1,009**	9	**118**	1	–
	16,051	8,029	**4,595**	461	374

Major customer information

The Group's revenue derived from customers who individually accounted for 10% or more of the Group's revenue amounted to $1,742,000 (2017: Nil).

31 OPERATING LEASE ARRANGEMENTS

	Group	
	2018	2017
	$'000	$'000
Minimum lease payments under operating leases recognized as an expense in the year	**746**	398

Operating lease commitments – where the Company is the lessee

At the end of the reporting year, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group	
	2018	2017
	$'000	$'000
Within one year	**771**	468
Within two to five years	**494**	575
	1,265	1,043

Operating lease payments represent rentals payable by the Group for its office premises, warehouse, equipment and motor vehicles. Leases are negotiated for an average term of two to five years.

NOTES TO **FINANCIAL STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32 COMMITMENT

As at 31 December 2018, the Group has capital commitment amounting to $9,000 (2017: Nil) for the software development.

33 COMPARATIVE INFORMATION

The financial statements of the Company for 31 December 2018 covered a 12-month period from 1 January 2018 to 31 December 2018.

The financial statements of the Company for 31 December 2017 covered a 7-month period from 28 June 2017 (date of incorporation) to 31 December 2017 and as a result, the third statement of financial position as at 1 January 2017 is not presented.

34 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial adoption.

Effective for annual periods beginning or after 1 January 2019

SFRS(I) 16 Leases

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases that the Group enters into. Under SFRS(I) 16, the Group and Company may be required to recognise a right-of-use asset and a corresponding liability in respect of all leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

As at 31 December 2018, the Group and the Company have non-cancellable operating lease commitments as disclosed in Note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group and the Company will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon application of SFRS(I) 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have impact on the amounts recognised in the Group's and Company's financial statements.

NOTES TO **FINANCIAL STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework SFRS(I), that is identical to the International Financial Reporting Standards for annual periods beginning on or after 1 January 2018.

The Group and the Company adopted the new financial reporting framework – SFRS(I) for the first time for financial year ended 31 December 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than enhanced disclosures arising from the application of SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*.

STATISTICS OF **SHAREHOLDINGS**

AS AT 12 MARCH 2019

Class of shares	:	Ordinary shares
Number of shares (excluding treasury shares)	:	261,704,993
Voting rights	:	One vote per share
No. of treasury shares and percentage	:	Nil
No. of subsidiary holdings held and percentage	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	105	24.14	101,300	0.04
1,001 – 10,000	155	35.63	840,200	0.32
10,001 – 1,000,000	142	32.64	15,202,462	5.81
1,000,001 AND ABOVE	33	7.59	245,561,031	93.83
TOTAL	**435**	**100.00**	**261,704,993**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	METADROME LTD	62,064,060	23.72
2	AGATE INVESTMENTS LIMITED	30,366,690	11.60
3	HARMONY TREASURE HOLDINGS LTD	19,026,690	7.27
4	TAI LAI FUN CINDY	12,955,000	4.95
5	ZANETTA LEE YUE (LI YU)	9,210,600	3.52
6	CAI SONGHAN	8,719,290	3.33
7	CHUA SONG RU @ CAI SONGRU	8,719,290	3.33
8	TAI HO YAN	7,875,000	3.01
9	SIM SIEW TIN CAROL (SHEN XIUZHEN CAROL)	7,815,620	2.99
10	CHENG LIANG KHENG	7,407,407	2.83
11	AVAS HOLDINGS PTE. LIMITED	6,660,330	2.54
12	VSTL INVESTMENT LTD	5,451,000	2.08
13	STF INVESTMENTS LTD	4,583,000	1.75
14	CHUA WEIJIE	4,444,444	1.70
15	UOB KAY HIAN PRIVATE LIMITED	4,256,721	1.63
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,967,400	1.52
17	SERN CHIA LUNG	3,592,303	1.37
18	RAFFLES NOMINEES (PTE.) LIMITED	3,448,662	1.32
19	TEAK CAPITAL CO., LTD.	3,343,560	1.28
20	BPSS NOMINEES SINGAPORE (PTE.) LTD.	3,300,000	1.26
	TOTAL	**217,207,067**	**83.00**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 12 March 2019, 49.31% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

STATISTICS OF **SHAREHOLDINGS**

AS AT 12 MARCH 2019

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
NAME	NO. OF SHARES	%	NO. OF SHARES	%
METADROME LTD	62,064,060	23.72	–	–
CLEMENT LEE SHIEH-PEEN	–	–	62,064,060(1)	23.72
AGATE INVESTMENTS LIMITED	30,366,690	11.60	–	–
HAN SENG JUAN	2,626,900(2)	1.00	30,366,690(3)	11.60
DAVID LOH KIM KANG	–	–	30,366,690(3)	11.60
CENTURION GLOBAL LIMITED	–	–	30,366,690(3)	11.60
CENTURION PRIVATE EQUITY LTD	–	–	30,366,690(3)	11.60
HARMONY TREASURE HOLDINGS LTD	19,026,690	7.27	–	–
CHOW HELEN @ MRS CHENG HELEN	–	–	19,026,690(4)	7.27

Notes:

1. Metadrome Ltd ("**Metadrome**") held 23.72% direct interest in the Company. Mr Clement Lee Shieh-Peen ("**Mr Lee**") is the sole beneficial owner of Metadrome. Pursuant to Section 7 of the Companies Act. Cap. 50, Mr Clement Lee is deemed to be interested in all the shares held by Metadrome.

2. The total 2,626,900 ordinary shares owned by Mr Han Seng Juan ("**Mr Han**") are held under the nominee account with Maybank Kim Eng Securities Pte. Ltd.

3. Both Mr Han and Mr David Loh Kim Kang ("**Mr Loh**"), respectively, owns a 50.00% direct interest in Centurion Global Limited ("**CGL**"). CGL owns 100.00% direct interest in Centurion Private Equity Ltd ("**CPEL**"). CPEL owns 100.00% direct interest in Agate Investments Limited ("**AIL**"). AIL owns 11.60% direct interest in the Company. Pursuant to Section 7 of the Companies Act. Cap. 50, each of, Mr Han, Mr Loh, CGL, and CPEL has a deemed interest in 11.60% of the issued and paid-up share capital of the Company held by AIL.

4. Harmony Treasure Holdings Ltd ("**HTHL**") held 7.27% direct interest in the Company. Chow Helen @ Mrs Cheng Helen is the sole beneficial owner of HTHL. Pursuant to Section 7 of the Companies Act. Cap. 50, Chow Helen @ Mrs Cheng Helen is deemed to be interested in all the shares held by HTHL.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Synagie Corporation Ltd. (the "**Company**") will be held at Grand Copthorne Waterfront Singapore (Cardinal Room Level 3), 392 Havelock Road Singapore 169663, on Tuesday, 23 April 2019 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 ("**FY2018**") together with the Auditor's Report thereon. **(Resolution 1)**

2. To ratify the payment of Directors' fees of S$123,474* for FY2018 which was paid/payable to Directors in FY2018.

   * Prorated as Directors were appointed on 28 June 2018

   (Resolution 2)

3. To approve the payment of Directors' fees of S$232,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears. **(Resolution 3)**

4. To re-elect the following Directors of the Company who are retiring pursuant to Regulations 107 and 108 (1) of the Constitution of the Company, respectively:

   (a) Mr Clement Lee Shieh-Peen – Retiring under Regulation 108 (1) **(Resolution 4)**
   (b) Mr Lim Chuan Poh – Retiring under Regulation 107 **(Resolution 5)**
   (c) Mr Chua Hwee Song – Retiring under Regulation 107 **(Resolution 6)**
   (d) Mr Koh Chia Ling – Retiring under Regulation 107 **(Resolution 7)**
   (e) Mr Chue En Yaw – Retiring under Regulation 107 **(Resolution 8)**

   [See Explanatory Note (i)]

5. To re-appoint Deloitte & Touche LLP, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**

6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 ("Companies Act") and Rule 806 of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules")**

   That, pursuant to Section 161 of the Companies Act and Rule 806 of the Catalist Rules of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

NOTICE OF **ANNUAL GENERAL MEETING**

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

("**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution provided the options or awards were granted in compliance with the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

(Resolution 10)

NOTICE OF **ANNUAL GENERAL MEETING**

8. **Authority to issue shares under the Synagie Employee Share Option Scheme ("Synagie ESOS")**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant options under the prevailing Synagie ESOS and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Synagie ESOS, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Synagie ESOS and Synagie Performance Share Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 11)

9. **Authority to issue shares under the Synagie Performance Share Plan ("Synagie PSP")**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant share awards under the Synagie PSP and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the Synagie PSP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Synagie PSP and Synagie ESOS shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 12)

By Order of the Board

Siau Kuei Lian
Secretary
Singapore, 5 April 2019

NOTICE OF **ANNUAL GENERAL MEETING**

Explanatory Notes:

(i) Mr Lim Chuan Poh will, upon re-election as a Director of the Company, remain as the Non-Executive and Independent Chairman, Chairman of Remuneration Committee, and a member of Nominating Committee. Mr Lim will be considered independent pursuant to Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to Table A of the Corporate Governance Report on pages 47 to 53 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

Mr Chua Hwee Song will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating Committee. Mr Chua will be considered independent pursuant to Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to Table A of the Corporate Governance Report on pages 47 to 53 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

Mr Koh Chia Ling will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Mr Koh will be considered independent pursuant to Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to Table A of the Corporate Governance Report on pages 47 to 53 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

Mr Chue En Yaw will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee. Mr Chue will be considered independent pursuant to Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to Table A of the Corporate Governance Report on pages 47 to 53 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

(ii) **Resolution 10** above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

(iii) **Resolution 11** above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the Company pursuant to the exercise of options granted or to be granted under the Synagie ESOS provided that the aggregate additional shares to be allotted and issued pursuant to the Synagie ESOS and Synagie PSP do not exceeding in total (for the entire duration of the Synagie ESOS) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(iv) **Resolution 12** above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the Company pursuant to the vesting of share awards under the Synagie PSP provided that the aggregate additional shares to be allotted and issued pursuant to the Synagie PSP and Synagie ESOS do not exceeding in total (for the entire duration of the Synagie PSP) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM is entitled to appoint not more than 2 proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 38 Jalan Pemimpin, #05-09, M38, Singapore 577178 not less than 72 hours before the time appointed for holding the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF **ANNUAL GENERAL MEETING**

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) 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 proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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 (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this notice.

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

The contact person for the Sponsor is Mr Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd. Address: 9 Raffles Place #29-01 Republic Plaza Tower 1, Singapore 048619 Tel: (65) 6381 6757.

SYNAGIE CORPORATION LTD.

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name) ______________________ (NRIC/Passport No.)

of ____

being a member/members of **SYNAGIE CORPORATION LTD**. (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her/them*, the Chairman of the meeting, as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Grand Copthorne Waterfront Singapore (Cardinal Room Level 3), 392 Havelock Road Singapore 169663, on Tuesday, 23 April 2019 at 2:00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote "for" or "against" the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion.

No.	Resolutions relating to:	No. of votes 'For'	No. of votes 'Against'
	Ordinary Business		
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 ("**FY2018**")		
2	Ratification of Directors' fees amounting to S$123,474 for FY2018, which was paid/payable to Directors in FY2018		
3	Approval of Directors' fees amounting to S$232,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears		
4	Re-election of Mr Clement Lee Shieh-Peen as a Director		
5	Re-election of Mr Lim Chuan Poh as a Director		
6	Re-election of Mr Chua Hwee Song as a Director		
7	Re-election of Mr Koh Chia Ling as a Director		
8	Re-election of Mr Chue En Yaw as a Director		
9	Re-appointment of Deloitte & Touche LLP as Auditors and authority to fix their remuneration		
	Special Business		
10	Authority to issue shares		
11	Authority to issue shares under the Synagie Employee Share Option Scheme		
12	Authority to issue shares under the Synagie Performance Share Plan		

* *If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ____________________ 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

* Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. 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 instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to 2 proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints 2 proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 38 Jalan Pemimpin, #05-09, M38, Singapore 577178 not less than 72 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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 the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2019.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Synagie Corporation Ltd.

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