



SYNAGIE CORPORATION LTD.
(Incorporated in Singapore)
(Company Registration No. 201717972D)

**RESPONSE TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S ("SGX-ST")
QUERIES ON THE CIRCULAR DATED 4 SEPTEMBER 2020**

Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the Circular (as defined below).

The board of directors (the "**Board**" and each director, a "**Director**") of Synagie Corporation Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the circular to Shareholders dated 4 September 2020 (the "**Circular**") in relation to the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction, the Proposed Cash Distribution and the Proposed Change of Name. The Board wishes to announce the following additional information in response to queries received from the SGX-ST on 15 September 2020.

Question 1: Assuming completion of the Proposed Disposal, Proposed Assignment, Proposed Special Dividend and Proposed Capital Reduction and Proposed Cash Distribution (collectively, the "Proposed Transactions"), what proportion of the Company's assets will comprise of cash or short-dated securities?

Company's Response:

Assuming the Proposed Transactions had completed on 30 June 2020, based on the Group's total assets as at 30 June 2020, approximately 43.5% of the Group's total assets comprise cash or short-dated securities. The remaining assets of the Group mainly comprise intangible assets, goodwill and deferred costs, representing 23.6%, 20.0% and 6.4% of the Group's total assets as at 30 June 2020, respectively.

Question 2: Please provide the Group structure before and after the completion of the Proposed Transactions.

Company's Response:

Please refer to the Annex to this announcement.

Question 3: Please provide the following pro forma financial figures for FY2019 and 1H2020 after the completion of the Proposed Transactions:

- a. Revenue**
- b. Gross Profits**
- c. Net Profits**
- d. Working Capital**
- e. Net Asset Value**

Company's Response:

Please refer to the tables below for the pro forma financial figures.

(S\$'000)	For financial year ended 31 December 2019		For half year ended 30 June 2020	
	Before the Proposed Transactions	After the Proposed Transactions ⁽¹⁾	Before the Proposed Transactions	After the Proposed Transactions ⁽²⁾
	a. Revenue	19,361	3,101	38,314
b. Gross profit	5,030	1,200	12,926	121
c. Net (loss) / profit after tax	(8,452)	49,597	4,127	55,322

(S\$'000)	As at 31 December 2019		As at 30 June 2020	
	Before the Proposed Transactions	After the Proposed Transactions ⁽³⁾	Before the Proposed Transactions	After the Proposed Transactions ⁽⁴⁾
	d. Working capital	1,492	1,908	5,925
e. Net asset value	4,565	4,094	8,866	2,996

Notes:

(1) The financial figures for the year ended 31 December 2019 ("FY2019") were prepared based on the assumption that the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution had been completed on 1 January 2019.

(2) The financial figures for the half year ended 30 June 2020 ("HY2020") were prepared based on the assumption that the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution had been completed on 1 January 2020.

(3) The financial figures as at 31 December 2019 were prepared based on the assumption that the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution had been completed at the end of FY2019.

(4) The financial figures as at 30 June 2020 were prepared based on the assumption that the Proposed Disposal, the Proposed Assignment, the Proposed Special Dividend, the Proposed Capital Reduction and the Proposed Cash Distribution had been completed at the end of HY2020.

Question 4: Please clarify if the Group's business-to-business orders for COVID-19-related products will be sold off as part of the Proposed Transactions, or whether it will remain in the Group post-Closing.

Company's Response:

All the non-recurring business-to-business orders for COVID-19-related products (the "**B2B Orders**") have been fulfilled by the Group prior to 30 June 2020 and there have been no new B2B Orders received by the Group between 30 June 2020 and the date of this announcement. The Group's B2B Orders were in the ordinary course of the Group's E-Commerce business segment and satisfied through Synagie SG, which will be transferred to the Purchaser on Closing as part of the Proposed Disposal.

Question 5: It is stated on Page 38 of the Circular that, in conjunction with the expansion of the Insurtech Business, the Company also intends to explore and pursue opportunities to acquire sustainable and viable businesses to grow the business of the Group and maximize returns for Shareholders following Closing. Please provide more information on the Company's plans to expand the Insurtech Business, as well as updates on any progress made in terms of other opportunities.

Company's Response:

The Group has been actively seeking opportunities to expand its Insurtech Business. As at the date of this announcement, the Board wishes to provide the following updates in respect of the Group's Insurtech Business. The Group (through subsidiaries in the Group's Insurtech Business) is:

- (a) partnering with leading computer manufacturers to, among others, bundle or package the Group's accidental damage protection solutions and third-party administration services in major government tenders for the supply of laptops and tablets;
- (b) in advanced discussions with one of the world's leading computer manufacturers to offer laptops on a Device-as-a-Service basis to small and medium sized enterprises in Singapore;
- (c) exploring partnerships with various consumer electronics and mobile phone chain stores to further expand distribution channels for its mobile phone screen protection insurance products; and
- (d) in discussions with various parties in the wearable technology and computer accessories sectors for the offer of the Group's extended warranty solutions and third-party administration services.

In respect of other possible expansion opportunities, the Company continues to be on the lookout for any suitable opportunities and will assess these opportunities as and when they arise. As at the date hereof, there are no advanced discussions being undertaken outside of the Group's Insurtech Business.

The Company will provide updates to Shareholders as and when there are material developments in relation to the foregoing in compliance with the Catalist Rules.

Question 6: We note, in Section 4 of the Circular, that the Company will not be setting aside any funds from the Consideration for the growth of the Insurtech Business and will be distributing the Net Distributable Amount back to shareholders. Please provide the Board's rationale on why it is of the opinion that the Net Distributable Amount should be distributed to shareholders instead of being invested to grow the Insurtech Business.

Company's Response:

To clarify, as set out in Section 4 of the Circular, an amount of approximately S\$930,000 will be retained for working capital and tax-related expenses, which may be applied towards expanding the Insurtech Business, if necessary. Further, an amount of S\$1,000,000 will be set aside to satisfy claims which may arise under the SPA (if any). Should there be no claims arising under the SPA, the Group may utilise it towards the existing Insurtech Business, including to expand the Insurtech Business.

The funds to be retained have been derived after considering, *inter alia*, the expected cash balance of the Insurtech Business following completion of the Proposed Transactions, the capital requirements of the Group's existing Insurtech Business, the existing order book and opportunities that the Group intends to pursue.

The Board is of the opinion that, after retaining the required funds, the Net Distributable Amount should be distributed to Shareholders on a pro rata basis due to the following:

- (a) A key rationale for the Board approving the transaction was the opportunity for Shareholders to immediately realise value in their investment in the Shares of the Company, as stated in pages 35 and 36 of the Circular. The Group has been loss-making (save for the impact of the non-recurring B2B Orders) and has not paid any dividend since its initial public offering in August 2018. Therefore, distributing the Net Distributable Amount provides Shareholders with an opportunity to immediately realise the value of their investments, in particular in the E-Commerce, E-Commerce Enabler and Logistics Business of the Group;
- (b) Given the market uncertainties in relation to Covid-19, the Group foresees that any future expansion of the Insurtech Business is likely to be organic in nature rather than through acquisitions of complementary businesses which require substantial cash outlay. There is no assurance that investing the Net Distributable Amount into the Insurtech Business will allow the Shareholders to see returns on this investment in the near term (either through an appreciation in the Company's share price and/or dividend payments) given the market risks as well as the period of time required to incubate and grow such new businesses. Additionally, if there are future opportunities which require substantial cash outlay, the Company can consider fund-raising as and when such opportunities arise; and
- (c) Acquisitions can also be undertaken by the Company through the issuance of new Shares to the vendors of any such new businesses, subject to compliance with the Catalist Rules and the Companies Act. The issuance of new Shares instead of a substantial cash outlay would align the interests of any vendor which receives consideration shares in the Company and the Company's existing Shareholders to the extent of their investment in the Company.

Question 7: It is stated on Page 56 of the Circular that the service contracts between the Founders and the Company are intended to be terminated with effect from Closing. In addition, two employees of the Group, Mr. Chia Seng Lum, Jake and Ms. Quek Wei Ling, will cease to be executive officers of the Group with effect from Closing. Please provide the following:

- (a) Please clarify the positions held by the two executive officers, whether any other key officers of the Company will be stepping down with effect from Closing, as well as the identities and positions of these other key officers, if any.

Company's Response:

Ms Quek Wei Ling holds the position of General Manager eCommerce - Region and Mr Chia Seng Lum, Jake holds the position of General Manager eCommerce - Singapore. They are both employed by Synagie SG will cease to be executive officers of the Group.

Save for the above, no other key officer of the Group will be stepping down with effect from Closing.

- (b) Information on who has been primarily responsible for running the Insurtech Business, and will such person still be doing so in the event of Closing? If no, how does the Company intend to procure a new management team with sufficient knowledge and experience to run and grow the business?

Company's Response:

The persons primarily responsible for the Insurtech Business are Ms Zanetta Lee (Executive Director), who oversees the Group's Insurtech Business, and Mr Anna Thurai (Operations Director), who is in charge of the day-to-day operations of the Company's Insurtech subsidiary, 1Care Global Pte Ltd.. Following Closing, Mr Anna Thurai will take over Ms Zanetta Lee's role in overseeing and running the Group's Insurtech Business. Mr Anna Thurai is also one of the key executive officers of the Group.

Question 8: It is stated on Pages 52 and 53 of the Circular that, subsequent to the release of the Announcement, adjustments and reclassifications were made to merger reserve, other reserves and investment in subsidiaries, leading to differences in the figures as set out in the Circular and the Announcement. Please provide details on the changes made.

Company's Response:

Please refer to the table below for details of the changes made.

(S\$'000)	As per Announcement	As per Circular	Variance
NTA (after the Proposed Disposal and the Proposed Assignment)	52,209	60,322	8,113 ⁽¹⁾

(S\$'000)	As per Announcement	As per Circular	Variance
Net profit attributable to Shareholders <i>(after the Proposed Disposal and the Proposed Assignment)</i>	33,222	49,597	16,375 ⁽²⁾⁽⁴⁾
Gain from the Proposed Disposal	41,672	58,046	16,374 ⁽³⁾⁽⁴⁾

Notes:

- (1) Difference is due to an adjustment in investments in subsidiaries of S\$8,113,000 in the income statement.
- (2) Difference is due to an adjustment in investments in subsidiaries of S\$8,113,000 in the income statement and a reclassification of merger reserve of S\$8,261,000 relating to a reclassification between equity and income statement.
- (3) Difference is due to an adjustment in investments in subsidiaries of S\$8,113,000 and reclassification of merger reserve of S\$8,261,000 relating to a reclassification between equity and income statement.
- (4) Difference in the variance figures is due to rounding.

Question 9: Please confirm if the ratios calculated under Rule 1006 and disclosed on Page 44 of the Circular have taken into account the guidance provided under paragraph 3.2 of Practice Note 10A. If not, please provide the updated ratios.

Company's Response:

If the guidance provided under paragraph 3.2 of Practice Note 10A is adopted, the relative figure for Rule 1006(a) will be 82.9% instead. It is to note that all information required to derive this relative figure for Rule 1006(a) had been disclosed in Note (1) of Section 7.1 of the Circular.

Save for the above, the Company confirms that the relative figures calculated under Rule 1006 as disclosed in Section 7.1 of the Circular are accurate.

Question 10: Please provide the NTA of the Target Companies as at 31 December 2019 and 30 June 2020 taking into account the capitalisation repayment and/or waiver of loans by the Company to the Target Companies, which is a condition precedent to the Closing. Please also disclose the quantum of the adjustment to be made.

Company's Response:

	As at 31 December 2019 (S\$'000)	As at 30 June 2020 (S\$'000)
NTA of Target Companies	(14,658)	(9,995)
<u>Adjustment</u>		
Capitalisation and/or waiver of intercompany balances due to the Company from the Target Companies	15,722	16,673
Adjusted NTA of Target Companies	1,064	6,678

Question 11: Please disclose if any of the undertaking shareholders (i.e. Agate Investments Limited, Harmony Treasure Holdings Ltd & Ms Tai Lai Fun Cindy) are related to any of the Company's directors and substantial shareholders or those who are required to abstain from the resolutions proposed in the Circular.

Company's Response:

Agate Investments Limited and Harmony Treasure Holdings Ltd are not related to any of the Company's directors or substantial shareholders.

Ms Tai Lai Fun, Cindy is the aunt of Ms Olive Tai, an Executive Director of the Company. As Ms Tai Lai Fun, Cindy is not an immediate family member of Ms Olive Tai, she is not an associate of Ms Olive Tai under the Catalist Rules and accordingly does not need to abstain from voting on the resolutions proposed in the Circular.

By order of the Board of
SYNAGIE CORPORATION LTD.

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

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

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

The contact person for the Sponsor is:

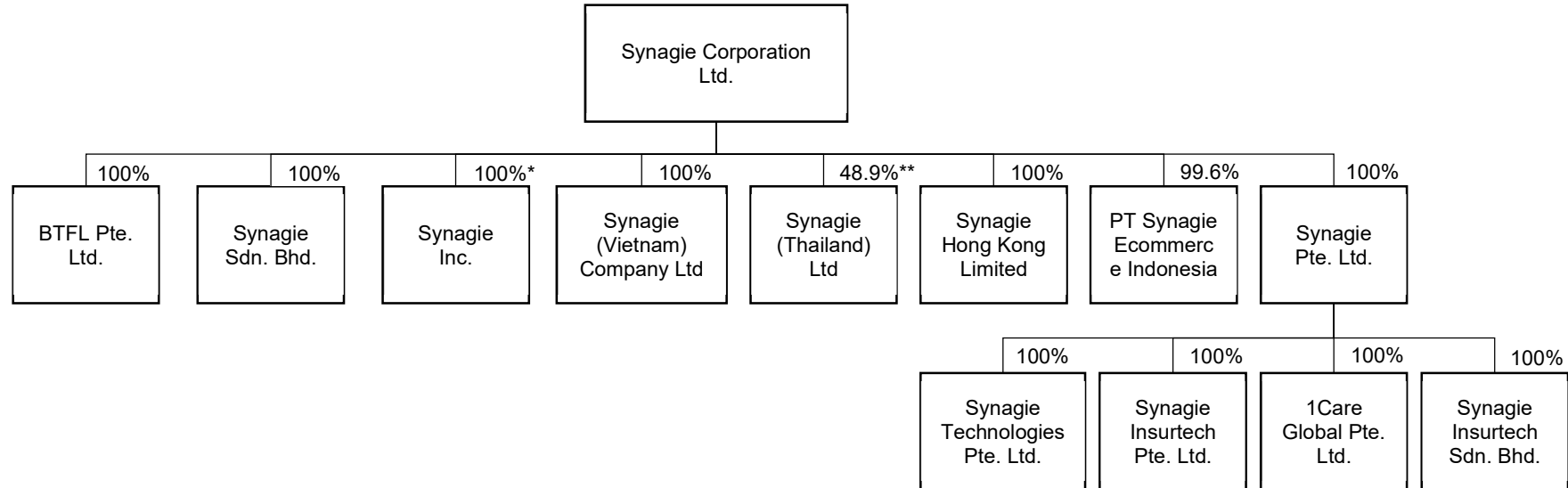
Name: Mr Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd.

Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619

Telephone: (65) 6381 6966

ANNEX

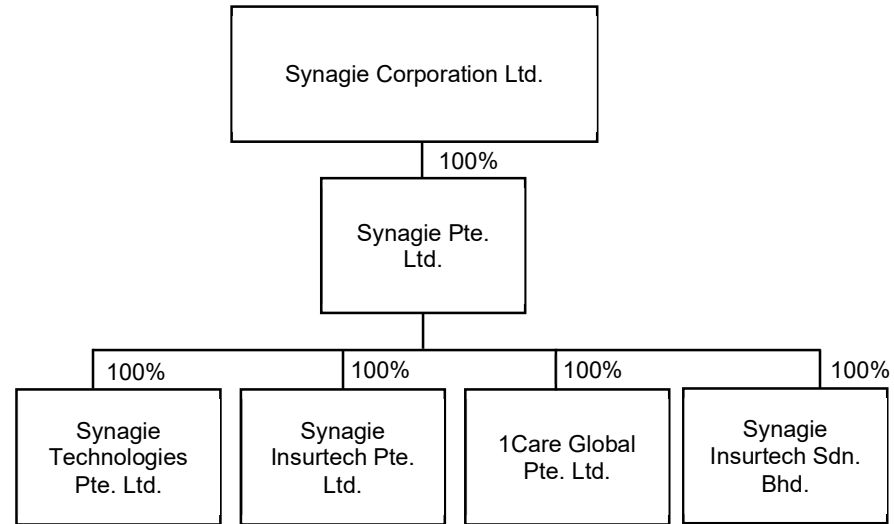
Group structure before the completion of the Proposed Transactions



* Synagie Inc. has a total issued share capital of 11,000,000 common shares. The Company has legal and beneficial ownership over 10,999,995 common shares, and beneficial ownership over five (5) common shares held by five individual nominee shareholders.

** Synagie (Thailand) Ltd has a total issued share capital of 100,000 shares, comprising of 49,000 ordinary shares and 51,000 preference shares. The Company owns 48,900 ordinary shares and has majority board representation and majority voting rights in Synagie (Thailand) Ltd.

Group structure after the completion of the Proposed Transactions



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