



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

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

1. INTRODUCTION

- 1.1. The board of directors (the **"Board"** and each director, a **"Director"**) of Synagie Corporation Ltd. (the **"Company"**, and together with its subsidiaries, the **"Group"**) wishes to announce that the Company has on 5 August 2020 entered into a sale and purchase agreement (**"SPA"**) with Synagistics Pte. Ltd., (the **"Purchaser"**), as a purchaser, and Metadrome Ltd. (**"Metadrome"**), as a guarantor to the Company, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the E-Commerce Business (as defined below), including the Sale Shares (as defined below), upon the terms and subject to the conditions of the SPA, for an aggregate consideration of S\$61,679,181.60 (the **"Consideration"**) (the **"Proposed Disposal"**).
- 1.2. The Purchaser will comprise a consortium of investors led by Meranti ASEAN Growth Fund, L.P. (**"Meranti"**), a fund managed by Gobi Partners group. The co-founders of the Company, being Clement Lee Shieh-Peen, Zanetta Lee Yue and Tai Ho Yan (collectively, the **"Founders"**) (either directly or through their holding vehicles) are or will also become shareholders of the Purchaser. Further information relating to the Purchaser is set out in paragraph 2.4 below.
- 1.3. The Proposed Transactions (as defined below) will be treated as interested person transactions under Chapter 9 of the Listing Manual Section B: Rules of Catalist (the **"Catalist Rules"**) of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**), which requires the approval of the independent shareholders of the Company (**"Shareholders"**) under Rule 906 of the Catalist Rules. The Proposed Disposal also constitutes a "Major Transaction" under Chapter 10 of the Catalist Rules and a disposal of substantially the whole of the undertaking of the Company under Section 160 of the Companies Act (Chapter 50 of Singapore) (the **"Companies Act"**). In addition, as Clement Lee Shieh-Peen, an Executive Director and Chief Executive Officer of the Company, is the sole beneficial owner of Metadrome, the Company is also required under Section 163(1) of the Companies Act to obtain the approval of the Shareholders for the Proposed Assignment (as defined below).
- 1.4. Accordingly, the Proposed Transactions are conditional upon, among others, approval from the Shareholders at an extraordinary general meeting of the Company (the **"EGM"**) to be convened.
- 1.5. Following completion of the Proposed Disposal, the Company will continue to own the insurtech business. Further information relating to the insurtech business is set out in paragraph 5(c) below.

- 1.6. RHT Capital Pte. Ltd. has been appointed as the financial adviser to the Company in respect of the Proposed Transactions.

2. INFORMATION ON THE PROPOSED DISPOSAL

2.1. Information on the E-Commerce Business

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

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

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

Cushman & Wakefield VHS Pte Ltd has been commissioned by the Company to conduct an independent valuation on the E-Commerce Business, including the Sale Shares. Further details on the valuation will be made available in the Circular (as defined below) to be despatched to Shareholders in due course.

¹ Synagie ID is a subsidiary of the Company newly incorporated on 25 June 2020 in Indonesia. Details of the incorporation of Synagie ID will be announced together with the release of the unaudited consolidated financial results of the Group for the six months ended 30 June 2020, in accordance with Rule 706A of the Catalist Rules.

2.2. Information on the Target Companies

Further details of the Target Companies as at the date of the SPA are set out in the Annex.

2.3. Financial Information on the Target Companies

Based on the latest audited financial information of the Group for the financial year ended 31 December 2019 (“**FY2019**”), the net asset value and net tangible asset (“**NTA**”) attributable to the Target Companies is approximately S\$(14,122,000) and S\$(14,658,000) respectively, and the net loss before tax attributable to the Target Companies is approximately S\$8,494,000.

The Consideration represents an excess of approximately S\$76,337,000 over the NTA of the Target Companies².

2.4. Information on the Purchaser

The Purchaser is a company incorporated in Singapore on 28 July 2020 and is principally engaged in the business of investment holding. As at the date of this announcement, Metadrome is the sole shareholder of the Purchaser. Prior to the completion of the Proposed Disposal (“**Closing**”), Meranti and Alibaba Singapore Holding Private Limited (“**ASH**”) will become shareholders of the Purchaser. After Closing, Zanetta Lee Yue and Tai Ho Yan will also become shareholders of the Purchaser (collectively, and together with Metadrome, Meranti and ASH, the “**Purchaser Shareholders**”).

Both Zanetta Lee Yue and Tai Ho Yan are Executive Directors of the Company. It is expected that the aggregate shareholding interest of Metadrome, Zanetta Lee Yue and Tai Ho Yan in the Purchaser shall be (i) approximately 15% as at Closing, and (ii) approximately 31% after Closing and the completion of their respective subscriptions of shares in the Purchaser.

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

2.5. Information on Metadrome

Metadrome is a company incorporated in the British Virgin Islands. Metadrome is a controlling shareholder of the Company and has a direct interest in 71,373,669 shares of the Company (“**Shares**”) representing approximately 23.33% of the total number of issued Shares³. Clement Lee Shieh-Peen, an Executive Director and Chief Executive Officer of the Company, is the sole beneficial owner of Metadrome. Metadrome is principally an investment holding company.

² The NTA as at 31 December 2019 does not take into account the capitalisation, repayment and/or waiver of loans by the Company to the Target Companies which is a condition precedent to the Closing.

³ All references in this announcement to the total number of issued Shares are based on 305,895,908 Shares in issue as at the date of this announcement. The Company does not have any treasury shares.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1. Sale and Purchase of the E-Commerce Business

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

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

3.2. Consideration

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

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

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

3.3. Conditions Precedent

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

- (a) Shareholders’ approval. The passing at a general meeting of the Company of resolutions to approve:

- (i) the Proposed Disposal;
 - (ii) the Proposed Assignment;
 - (iii) the proposed special dividend to be declared and paid by the Company to its shareholders in accordance with the terms of the SPA (the “**Proposed Special Dividend**”);
 - (iv) the proposed capital reduction exercise to be undertaken by the Company to return to its shareholders an amount which shall be undertaken in accordance with the terms of the SPA (“**Proposed Capital Reduction**”); and
 - (v) the change of name of the Company from “Synagie Corporation Ltd.” to a name which does not use, refer to or is otherwise a derivative of the name “Synagie”, which shall be conditional on Closing;
- (b) Third-party consents. The consents of counterparties in respect of the sale and purchase of the E-Commerce Business, including the Sale Shares, having been obtained where such contracts or undertakings contains any restrictions or prohibition on the change in control of the shareholdings and/or the boards of directors of any Target Company or includes any right to terminate exercisable prior to or as a result of any matter contemplated by the SPA;
 - (c) Material Licences. The licences, authorisations, orders, grants, confirmations, permissions, registrations, consents, permits and other approvals necessary for or in respect of the sale and purchase of the E-Commerce Business, including the Sale Shares, by the Purchaser and/or which are material or desirable to the E-Commerce Business having been obtained;
 - (d) Regulatory Conditions. The fulfilment of any conditions or requirements that may be imposed by the sponsor of the Company, the SGX-ST and/or any other governmental or regulatory bodies in relation to the sale and purchase of the E-Commerce Business, including the Sale Shares;
 - (e) Termination of related party transactions. The termination or amendment of the agreements and transactions between the Target Companies and the Company, the Founders or any of their affiliates to the reasonable satisfaction of the Purchaser;
 - (f) Repayment of shareholders’ loans. The repayment, waiver or capitalisation in full of all of the shareholder’s loans extended by the Company to the Target Companies;
 - (g) Completion of restructuring of Synagie TH. The completion of the restructuring of Synagie TH in the manner agreed between the Purchaser and the Company;
 - (h) No material breach. There being no material breach of any of the Company’s undertakings or obligations under the SPA or of any warranties provided by the Company as if such warranty was repeated on Closing by reference to the facts or circumstances then existing; and
 - (i) No material adverse effect. There being no occurrence of a material adverse effect. A material adverse effect means, save for any permitted leakage as set out in the SPA, any one or more

fact, matter, event, circumstance, condition, effect, occurrence or change which, whether individually or in the aggregate, has or have, the effect of causing:

- (i) a diminution of the turnover of the Target Companies by more than S\$903,466.40, being 10% of the combined turnover of the Target Companies for the six-month period ended 31 December 2019 as stated in the unaudited combined financial statements of the Target Companies (other than Synagie HK and Synagie ID) for the 12-month period ended on 31 December 2019 (the “**Combined Unaudited Financial Statements**”), as determined by reference to the unaudited consolidated management income statement for the six-month period ending on the calendar month-end falling at least 10 business days prior to the Closing Date (as defined below); or
- (ii) the termination, cessation or non-renewal of customer contracts of the Target Companies in force as at the date of the SPA for any reason, where such customer contracts cumulatively account for 10% or more of the turnover of the Target Companies as set out in the Combined Unaudited Financial Statements, and

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

3.4. Cut-off Date

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

3.5. Closing

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

3.6. Other Material Terms

- (a) Minimum Closing Net Cash Balance. The Company undertakes to ensure that the Closing Net Cash Balance shall be at least S\$500,000 (or an equivalent amount in other currencies).
- (b) Change of Name. Within 20 business days after the Closing, the Company shall effect the change of name of the Company and its subsidiaries to names which do not use, refer to or are otherwise derivatives of the name “Synagie”.
- (c) W&I Insurance. Each of the Company and the Purchaser agrees that it shall discuss and cooperate in good faith with each other to obtain a warranty and indemnity insurance policy (the “**W&I Insurance Policy**”) for the benefit of the Purchaser in respect of any losses suffered by

the Purchaser in connection with a breach of any of the warranties or indemnities provided by the Company under the SPA for a coverage amount equal to at least 30% of the Consideration or such other amount as may be agreed in writing between the Company and the Purchaser, and on such terms as may be reasonably acceptable to the Purchaser. The Company shall bear and pay for the amount of insurance premium which would be payable to the insurer pursuant to the W&I Insurance Policy. The Company shall reimburse the Purchaser and/or its shareholders for all reasonable costs and expenses that they may have incurred in obtaining the W&I Insurance Policy up to a maximum of S\$20,000.

- (d) Restrictions on the Company. The Company has also agreed that, for a period of two (2) years from the Closing Date (or such shorter period of time recognised by applicable law as being binding on the Company), it shall not, *inter alia*, directly or indirectly carry on, be engaged in or be economically interested in any business within Singapore, Malaysia, Vietnam, Thailand, Philippines, Hong Kong and Indonesia which is of the same or similar type to the business of any Target Company as now carried on and which is in competition with the business of any Target Company as now carried on, save in respect of any business which the Company acquires via a reverse takeover.

3.7. Limitation of Liability

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

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

3.8. Guarantee by Metadrome

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

3.9. Priority of Recovery

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

- (a) for any claims by the Purchaser (save in respect of any breach of the fundamental warranties by the Company):

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

4. USE OF PROCEEDS

The Company intends to distribute the Consideration in cash from the Proposed Disposal to the Shareholders as soon as practicable following Closing through the Proposed Special Dividend and the Proposed Capital Reduction, after setting aside (a) an amount of S\$1,000,000 to satisfy claims which may arise under the SPA (if any), (b) amounts for working capital and expenses, and (c) the costs and expenses arising from the Proposed Transaction and any other fees, costs and expenses which may be payable (the “**Net Distributable Amount**”).

Based on the information available to the Company as at the date hereof, the Net Distributable Amount is expected to be no less than S\$55,357,203.18, or S\$0.180 per Share. There will be no change in number of issued Shares as a result of the Proposed Transactions. Accordingly, there will be no change to the shareholding interests held by Shareholders before and after the Proposed Transactions, and Shareholders will continue to be shareholders of the Company.

The amount owing under the Promissory Note will be set-off against Metadrome’s entitlement to the Proposed Special Dividend and the Proposed Capital Reduction as a Shareholder.

Further details of the Proposed Special Dividend and the Proposed Capital Reduction following Closing will be set out in the Circular. In the meantime, Shareholders are advised to exercise caution when dealing in the Shares.

5. RATIONALE FOR THE PROPOSED TRANSACTIONS

The Board believes that the Proposed Transactions are in the interests of the Company for the following reasons:

(a) Opportunity for the Company to Realise Value

The Consideration for the E-Commerce Business, which does not include the insurtech business:

- (i) represents an excess over the NTA of the Target Companies⁴ of approximately S\$76,337,000; and
- (ii) is equivalent to approximately S\$0.201 per Share, which represents approximately 106.3% of the closing price of the Shares as of 29 July 2020, being the last market day preceding the date of the SPA (the “**Last Trading Day**”), and 106.3%, 122.6%, 128.0% and 134.0% of the volume weighted average price of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the Last Trading Day, respectively.

(b) Mitigation of Market Risks

The Proposed Disposal, if consummated, will enable Shareholders to realise value for their Shares in the near future without exposure to future market risks, as compared to the realisation of value through potential future appreciation of the Company’s share price and dividend payments, which may or may not materialise. To date, save for net profit for 1H 2020 expected to be enjoyed by the Group as announced in the Profit Guidance dated 5 August 2020, the Company has been loss-making and has not paid any dividend since its initial public offering in August 2018. The market price of the Shares is subject to a number of factors, including performance and growth of the Group, trading liquidity of the Shares and prevailing economic conditions. The realisation of value through the Proposed Disposal and the Proposed Special Dividend and the Proposed Capital Reduction following Closing will enable the value in the Company to be realised without any further exposure by the Company to market risks in the e-commerce, e-commerce enabler and logistics business, which has required significant capital outlay thus far.

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

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

The Company also intends to explore and pursue opportunities to acquire sustainable and viable businesses to grow the business of the Group.

6. THE PROPOSED TRANSACTIONS AS INTERESTED PERSON TRANSACTIONS

⁴ The NTA as at 31 December 2019 does not take into account the capitalisation, repayment and/or waiver of loans by the Company to the Target Companies which is a condition precedent to the Closing.

6.1. Chapter 9 of the Catalist Rules

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

For illustrative purposes, based on the latest audited financial information of the Group for FY2019, the audited NTA of the Group as at 31 December 2019 was approximately S\$1,708,000. For the purposes of Rule 906(1)(a) of the Catalist Rules, if the value of a transaction which is proposed to be entered into in the current financial year by the Company with an interested person, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000), is of a value equal to, or more than S\$85,400, being 5.0% of the latest audited NTA of the Group, Shareholders' approval will be required for such transaction.

6.2. The Proposed Disposal as an Interested Person Transaction

As at the date of the SPA, Metadrome is the sole shareholder of the Purchaser, and Clement Lee Shieh-Peen is the sole beneficial owner of Metadrome. Accordingly, as at the date of the SPA, the Purchaser is an associate of Clement Lee Shieh-Peen, an Executive Director and Chief Executive Officer of the Company, and is therefore regarded as an "interested person" under Chapter 9 of the Catalist Rules.

As mentioned in paragraph 2.4 above, it is intended that the aggregate shareholding of Metadrome, Zanetta Lee Yue and Tai Ho Yan in the Purchaser shall be (i) approximately 15% as at Closing, and (ii) approximately 31% after Closing and the completion of their respective subscriptions of shares in the Purchaser. The aggregate shareholding of Metadrome and Zanetta Lee Yue will not exceed 30%. Accordingly, as at Closing and upon the completion of the subscription of shares by the Purchaser Shareholders in the Purchaser, the Purchaser will not be considered an "interested person" under Chapter 9 of the Catalist Rules as both (i) Clement Lee Shieh-Peen and Zanetta Lee Yue (being siblings), and (ii) Tai Ho Yan, respectively, will each be interested in less than 30% of the shareholding interest of the Purchaser.

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

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

As the Consideration represents approximately 3,611% of the Group's latest audited NTA, the Proposed Disposal will be subject to the approval of the Shareholders pursuant to Rule 906(1)(a) of the Catalist Rules.

6.3. The Proposed Assignment as an Interested Person Transaction

Metadrome is a controlling shareholder of the Company and has a direct interest in 71,373,669 Shares, representing approximately 23.33% of the total number of issued Shares. Metadrome is further an associate of Clement Lee Shieh-Peen, an Executive Director and Chief Executive Officer of the Company, as Clement Lee Shieh-Peen is the sole beneficial owner of Metadrome. Metadrome is therefore an “interested person” under Chapter 9 of the Catalist Rules.

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

Under Rule 909(3) of the Catalist Rules, in the case of the lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan. The Promissory Note bears interest at the rate per annum of 0.3 per cent, from such date as notified by the holder of the Promissory Note from time to time and up to and including the date of repayment of the Promissory Note. The Company intends for the Promissory Note to bear interest on and from Closing. Accordingly, the interested transaction value in relation to the Promissory Note is approximately S\$9,362,000 (being the Promissory Note Amount and the interest payable on the Promissory Note Amount for a period of two months⁵).

As the Promissory Note Amount and interest payable thereon is approximately 548% of the Group’s latest audited NTA, the Proposed Assignment will be subject to the approval of the Shareholders pursuant to Rule 906(1)(a) of the Catalist Rules.

6.4. Existing Interested Person Transactions

As at the date of this announcement, the Company has not entered into any other interested person transactions in the current financial year.

6.5. Independent Financial Adviser

The Company will be appointing an independent financial adviser (“**IFA**”) to the Directors who are independent for the purposes of the Proposed Disposal and the Proposed Assignment. The Audit Committee of the Company will obtain an opinion from the IFA before forming its view on the Proposed Transactions, which will be set out in the Circular to be despatched to Shareholders in due course.

7. CHAPTER 10 OF THE CATALIST RULES AND THE COMPANIES ACT

7.1. Proposed Disposal

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules, based on the latest audited financial information of the Group for FY2019 and the Consideration of S\$61,679,181.60, are as follows:

⁵ As mentioned in paragraph 4 of this announcement, the Promissory Note will be set-off against Metadrome’s entitlement to the Proposed Special Dividend and the Proposed Capital Reduction as a Shareholder. The Company intends to undertake the Proposed Special Dividend and the Proposed Capital Reduction as soon as practicable following Closing.

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not meaningful ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets disposed of, compared with the Group's net losses	99.5 ⁽³⁾
(c)	The aggregate value of the consideration received for the Proposed Disposal, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	106.1 ⁽⁴⁾
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's probable and proved reserves	Not applicable ⁽⁶⁾

Notes:

- (1) Not meaningful as (i) the Target Companies recorded a negative net asset value of S\$14.1 million; (ii) the Group recorded a net asset value of S\$4.6 million; and (iii) there is an intercompany payable to the Group of S\$15.7 million as at 31 December 2019.
- (2) "Net profits" is defined as profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Based on the unaudited net loss for the financial year ended 31 December 2019 attributable to the assets to be disposed of S\$8,497,000 and audited net loss of the Group for the financial year ended 31 December 2019 of S\$8,539,000.
- (3) The relative figure for Rule 1006(b) has been computed based on the unaudited combined net losses attributable to the Target Companies for FY2019, compared with the Group's net losses for FY2019.
- (4) The Company's market capitalisation of approximately S\$58.1 million is based on its total number of issued ordinary Shares of 305,895,908 Shares and the weighted average price of S\$0.190 per Share on the Last Trading Day.
- (5) This basis is not applicable to a disposal of assets.
- (6) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

Pursuant to the figures above, the Proposed Disposal will be classified as a major transaction under Rule 1014 of the Catalist Rules and is conditional upon the approval of Shareholders at the EGM to be convened as the relative figures computed on the bases as set out under Rules 1006(b) and (c) exceed 50%. It is further noted that the relative figure computed on the base as set out under Rule 1006(b) of the Catalist Rules involves negative figures and does not fall under the situations provided for in paragraphs 4.3 or 4.4 of Practice Note 10A of the Catalist Rules.

7.2. Section 160 of the Companies Act

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

7.3. Section 163 of the Companies Act

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

By accepting the assignment of the Promissory Note from the Purchaser to the Company on Closing, the Company will, in substance, be making a loan to Metadrome. As Clement Lee Shieh-Peen, an Executive Director and Chief Executive Officer of the Company, is the sole beneficial owner of Metadrome, the Company is also required under Section 163(1) of the Companies Act to obtain the approval of the Shareholders for the Proposed Assignment.

8. VOTING UNDERTAKINGS

Agate Investments Ltd, Harmony Treasure Holdings Ltd and Tai Lai Fun Cindy, which holds approximately 11.42%, 7.15% and 4.87% respectively of the total number of issued Shares as at the date of this announcement, have undertaken to vote in favour of the Proposed Transactions and not to sell, transfer or otherwise dispose such shares until the conclusion of the EGM.

9. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The unaudited pro forma financial effects of the Proposed Transactions on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Proposed Transactions.

The pro forma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for 31 December 2019 and the unaudited consolidated financial statements of the Target Companies for 31 December 2019, as well as the following bases and assumptions:

- (a) the financial effects on the consolidated NTA per Share is computed based on the assumption that the Proposed Transactions had been completed at the end of FY2019;
- (b) the financial effects on the consolidated earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Transactions had been completed on 1 January 2019; and
- (c) after taking into account the estimated transaction expenses.

9.1. NTA per Share

As at 31 December 2019	Before the Proposed Transactions	After the Proposed Transactions
NTA (S\$'000)	1,708	52,209
Number of Shares (excluding treasury shares)	264,766,689	264,766,689
NTA per Share (cents) ⁽¹⁾	0.65	19.72

Note:

- (1) NTA per share computed based on the Group's audited net tangible asset value as at 31 December 2019.

9.2. EPS

FY2019	Before the Proposed Transactions	After the Proposed Transactions
Net (loss)/profit attributable to Shareholders (S\$'000)	(8,450)	33,222
Weighted average number of Shares	263,342,595	263,342,595
EPS (cents) ⁽¹⁾	(3.21)	12.62

Note:

- (1) EPS computed based on weighted average number of shares adjusted to take into account the issuance of shares during FY2019.

9.3. Gain from the Proposed Disposal

It is expected that the Proposed Disposal will result in an estimated net gain of approximately S\$41,672,000.

10. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

Save as disclosed in this announcement, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Transactions (other than through their respective shareholdings in the Company, if any).

11. CIRCULAR TO SHAREHOLDERS

A circular ("**Circular**") setting out further information on, *inter alia*, the Proposed Transactions, the Proposed Special Dividend, the Proposed Capital Reduction and the notice to convene the EGM for the purpose of seeking Shareholders' approval for the Proposed Transactions, Proposed Special Dividend and the Proposed Capital Reduction will be despatched to Shareholders in due course.

12. ABSTENTION FROM VOTING

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

Accordingly, Metadrome, Clement Lee Shieh-Peen, Zanetta Lee Yue, Tai Ho Yan and their associates will abstain from voting on the resolution(s) relating to the Proposed Disposal, and Clement Lee Shieh-Peen, Metadrome and their associates (including Zanetta Lee Yue who is the sibling of Clement Lee Shieh-Peen) will abstain from voting on the resolution(s) relating to the Proposed Assignment.

13. SERVICE CONTRACTS

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

However, the service contracts between the Founders and the Company are intended to be terminated with effect from Closing. The Company will make announcements in compliance with the Catalist Rules as and when a new management team is identified.

14. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection, during normal business hours and subject to prior appointment, at the registered office of the Company at 38 Jalan Pemimpin, #05-09, M38, Singapore 577178 for a period of three (3) months from the date of this announcement.

By order of the Board of
SYNAGIE CORPORATION LTD.

Lim Chuan Poh
Non-Executive and Independent Chairman
5 August 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:

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ANNEX

DETAILS OF THE TARGET COMPANIES

Name of Target Company	Principal Activity	Country of Incorporation	Percentage of equity interest attributable to the Company
BTFL Pte. Ltd.	Value added logistics providers and retail sale via internet	Singapore	100%
Synagie Sdn. Bhd	Warehousing and storage services, retail sale of any kind of product over the internet and wholesale of other household goods	Malaysia	100%
Synagie (Vietnam) Company Ltd	Wholesale, retail distribution of goods, and express services	Vietnam	100%
Synagie (Thailand) Ltd.	E-Commerce and the provision of consultancy services on management, coordination and support associated with e-Commerce	Thailand	48.9%
Synagie Inc.	Wholesale trading of goods and merchandise	Philippines	99.9%
Synagie Hong Kong Limited	Trading and distribution of personal care and beauty products	Hong Kong	100%
PT Synagie Ecommerce Indonesia	Retail trade through media platforms for a mixture of goods, and computer programming and its related activities	Indonesia	99.6%