

# ANNUAL REPORT



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This annual report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor UOB Kay Hian Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this annual report.

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

The contact person for the Sponsor is Mr Gregory Wee Toon Lee, Assistant Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

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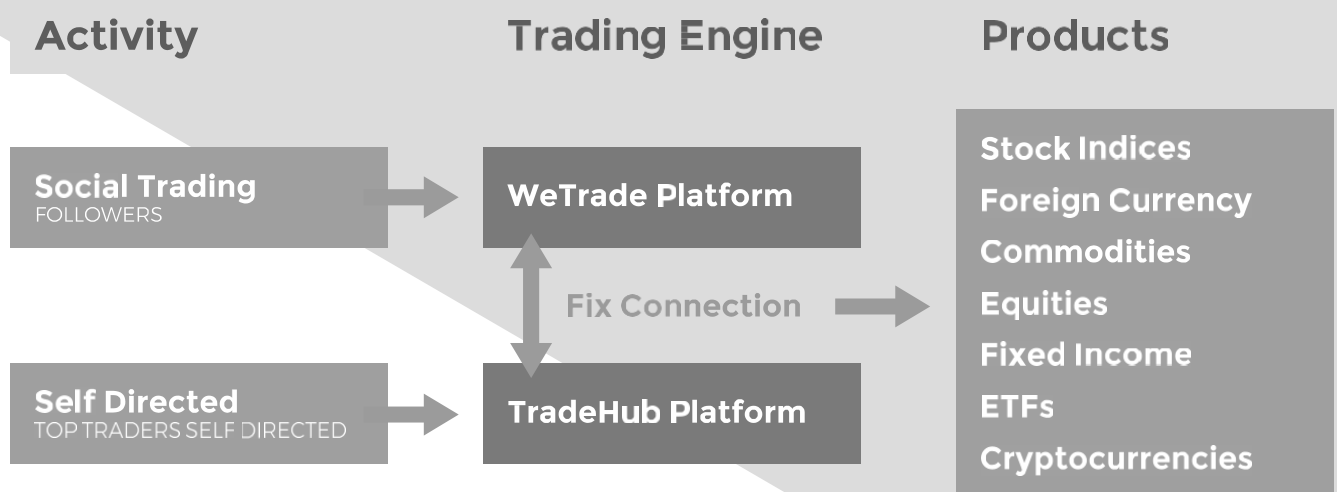
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# corporate profile

ayondo Ltd. (“ayondo”, the “Company” and together with its subsidiaries, the “Group”) is a global financial technology group with subsidiaries authorised and regulated in the UK (FCA) and Germany (BaFin) and additional offices in Singapore, Spain and Switzerland, offering innovative trading and investment solutions for retail and institutional customers. While its core retail customer markets are in Europe, ayondo has focused on pursuing its Asian B2B strategy in the financial year ended 31 December 2018 (“FY2018”). ayondo has multiple B2B partners, ranging from white-label partners to introducing brokers. It has won various accolades, including Europe’s leading Financial Technology providers (“FinTech 50”) and has also been awarded honors that include the International Finance Award Best Social Trading Platform and Broker of the Year.



## Social Trading

By combining trading and investment with elements of social media, ayondo is disrupting the traditional asset management industry by offering an alternative way to trade and invest through social trading which allows traders to share and follow other trader's trading and investment strategies automatically, proportionally and on a real time basis.

## Self-Directed Trading

ayondo offers CFD and spread bet trading over a broad scope of markets, including Stock Indices, Foreign Currency, Commodities, Equities, Fixed Income, ETFs and Cryptocurrencies.

## Casual Trading

Through its casual trading applications and educational content, ayondo aims to educate and empower customers and prospects.

## WeTrade

### SOCIAL TRADING PLATFORM

The primary feature of WeTrade allows traders on the platform to provide trading signals and be accompanied by other investors. The traders providing trading signals are termed "Top Traders" and the other investors following the Top Traders are termed "Followers". Anyone can become a Top Trader and every Top Trader has his or her own trading profile page outlining their past performance in detail. WeTrade provides an intuitive interface allowing Followers to find their desired Top Traders by finding a complete ranking list detailing the performance of every Top Trader and sorting them according to their profits (or losses), the number of Followers, trades per month and the volatility of trades. After a Follower allocates up to five of the desired Top Traders to the portfolio, all trades executed by the Top Trader(s) will also be automatically executed on the Follower's account on a real time basis. In return, Top Traders can be remunerated based on volume or performance-management fee, depending on their respective grade.

## TradeHub

### SELF-DIRECTED PLATFORM

ayondo Markets Limited manages the execution of self-directed tradings and social trading signals via the platform known as "TradeHub". The TradeHub platform uses the latest HTML5 technology and is an intuitive platform, permitting users to customise their needs and manage their risks by selecting their desired degree of leverage. In addition, TradeHub can be accessed on desktop computers, as well as Android, iOS and tablet devices which lets users trade in any situation and at any time.

# Chairman Statement

Dear Shareholders,

On behalf of the board of directors (the “Board”), I am pleased to present our inaugural annual report of ayondo Ltd. for FY2018.

On 26 March 2018, the Group achieved an important milestone with its listing as the first FinTech company on the Catalist Board of Singapore Exchange Securities Trading (“SGX-ST”). Following the listing, the Group first continued to expand its core business social (or copy) trading B2C business in Europe. New products were added to the platform and active marketing through online and physical channels were used to attract new Top Traders and followers. Utilizing its robust self-directed technology platform, the Group also expanded its B2B business in Asia through white-labelled partnerships with established brokerage firms.

Product innovation remained at the forefront for the Group with the introduction of new Top Trader features including ayondoPRO for professional traders and process simplification to attract and engage a larger range of Top Traders. The Group also expanded its product suite

for CFD and spread bet trading beyond its existing 2,000 products with the completion of its cryptocurrencies’ product suite and new Asian equities in FY2018.

Geographically, the Group initiated its B2B business in Asia in FY2018 through white-labelled partnerships in China/Hong Kong, Malaysia, Singapore and Cambodia. These partnerships have enabled the Group to access a wider range of clients, establish a stronger brand presence in Asia and provide its technology platform for self-directed CFD trading to Asian brokers.

However, in the second half of FY2018, the Group faced challenges in its core business starting with UK and European regulators tightening CFD regulatory measures. These changes resulted in a significant decline in CFD trading volumes for all CFD providers, including ayondo. Going forward, these changes are anticipated to potentially continue given the political uncertainties around Brexit.

Based on such a situation and taking into account available opportunities, the Group has to take appropriate action in the financial year ending 31 December 2019. Strategically, the Group will focus on developing our next generation social trading software in Europe while growing in China and Asia and deploying



a new and enhanced technology platform. In China, the Group will deepen its partnership with Golden Nugget Jinzhuan Limited (“iMaibo”), which offers a cost-efficient social investing platform with a user base of over 3.5 million registered users, by leveraging on iMaibo’s client base and its Key Opinion Leaders (KOLs) who in turn attract followers.

With a refreshed technology platform, the Group will also be able to offer B2B partners a new range of partnership options. These will include partners being able to bring their clients onto ayondo’s platform who will then have the option to engage with other clients like themselves. It will also allow partners to create white-labelled platforms through a seamless and shorter deployment process. Finally, partners will be able to just obtain a license for ayondo’s platform. Beyond these basic platform options, partners will have the option to add on regulatory, compliance, KYC, administrative and business modules for data and reporting.

The Group will remain very vigilant on cost management. As announced in May 2019, the Group had entered into a sale and purchase agreement to sell its indirect subsidiary, ayondo Markets Limited which is a 730K FCA authorised firm in United Kingdom, to its major European customer, BUX Holdings B.V. (“BUX”) (“Proposed Disposal”). Accordingly, the Proposed Disposal was completed in June 2019. Notwithstanding the Proposed Disposal, the Group will continue to work with BUX and utilize the necessary back-office services to ensure a continued seamless experience.

In closing and on behalf of the Board, I would like to extend my appreciation to our valued clients, partners and business associates for their support and confidence in ayondo in this challenging environment. Most importantly, I would like to take this opportunity to thank our shareholders for their continued support in us. Going forward, we intend to focus on implementing our new strategy with the intent of rebuilding shareholders value.

**THOMAS WINKLER**  
NON-EXECUTIVE CHAIRMAN

During the financial year, the Group managed to maintain a flat revenue against the backdrop of a difficult environment in its core European CFD market. The Group's financial performance in FY2018, particularly during the second half of FY2018, was adversely impacted by unfavourable trading conditions due to tightening measures implemented by UK and European regulators in August and December 2018. These measures mainly relate to limiting leverage of CFD products, introducing negative balance protection, closing customer positions if their funds fall to 50% of margin, a ban on firms offering inducements to encourage trading, standard risk warnings about retail investor losses clearly displayed on all websites and the banning of binary options. The measures hit the Group harder than expected even

though it had already operated in compliance with some of the new restrictions, such as (i) having in place negative balance protection for several years, (ii) providing less aggressive levels of leverages when compared to its competitors and (iii) having never offered binary products. However, volumes of traded CFD have declined significantly across the market, as reflected by the results from our peers.

All in all, despite an 8% decrease in the number of active clients, the Group's trading revenue remained flat as the average revenue per active client rose 9% year-on-year. Net operating income fell 16% to CHF 8.3 million year-on-year. Coupled with the impairment of assets the Group's loss for the period increased by 415% to CHF 50.2 million in FY2018.



## Trading Revenue

Trading revenue remained flat at CHF 20.8 million in FY2018, unchanged from FY2017 despite the decrease in the number of active clients from 51,606 in FY2017 to 47,298 in FY2018. The decrease in revenue was primarily attributable to the constraints on marketing as funds were not available to even maintain 2017 levels of marketing.

The number of Self-Directed clients increased by 21% year-on-year though the average revenue per client fell by 19%. The number of Social clients decreased by 51% though average revenue per client increased by 21%. Introduced clients decreased by 45% while average revenue per client increased by 18%. Casual revenue increased by 35%, driven by higher average revenue per client mainly due to a far better performance by our white label partner, BUX and the stable and significant marketing spend by BUX.

Average revenue per active client increased by 9% from CHF 402 in FY2017 to CHF 440 in FY2018. There was an 8% decrease in active clients to 47,298 in FY2018 as compared to 51,606 in FY2017. The Group remains focused on the continual acquisition of clients whilst seeking to maximise the average revenue per client.

## Other Income

Other income comprised of non-trading adjustments to rebates and profit from disposal of property, plant and equipment. Other income amounted to CHF 0.04 million in FY2018 as compared to CHF 0.17 million in FY2017. The decrease in other income was mainly due to the reduction of CHF 0.12 million of non-trading adjustments to rebates.

## Marketing Expenses

Marketing expenses comprised mainly advertising expenses, event costs and other marketing costs. Marketing expenses accounted for 9% and 13% of the Group's trading revenue in FY2018 and FY2017 respectively. Marketing expenses amounted to CHF 1.92 million in FY2018 compared to CHF 2.71 million in FY2017, a decrease of 29%. The decrease in marketing expenses was largely attributable to the previous re-allocation of net proceeds from IPO marketing expenditure to general working capital purposes after a review of the Group's cash flow position and the immediate plans for business expansion.

## Other Operating Expenses

Other operating expenses accounted for 49% and 26% of the Group's trading revenue in FY2018 and FY2017 respectively. Other operating expenses increased from CHF 5.47 million in FY2017 to CHF 10.13 million in FY2018 mainly due to changes in legal, regulatory, consultancy and other professional fees, net of IPO costs, premises costs, IT costs, depreciation of property, plant and equipment, amortisation of intangibles, net foreign exchange gain, and other administrative expenses.

Other administrative expenses increased by CHF 1.43 million in FY2018 mainly due to a cost of issuing adjustment shares for conversion of convertible bonds post-IPO of CHF 1.87 million in FY2018, partially offset by an increase in benefit following the change in fair value of the embedded derivative of convertible bonds of CHF 2.20 million in FY2018 compared to CHF 1.09 million in FY2017. IPO expenses of CHF 0.77 million incurred in FY2018 were of a non-recurring nature.

Finance costs comprised mainly interest payable on convertible bonds issued and loans from related parties. The increase in finance costs on convertible bonds from CHF 2.53 million in FY2017 to CHF 2.94 million in FY2018 was due to the acceleration of the finance costs associated with the conversion of the convertible bonds into Company shares during the IPO. The decrease in finance costs on loans from related parties from CHF 0.28 million in FY2017 to CHF 0.03 million in FY2018 was due to the conversion of certain related party loans to redeemable convertible loans on 1 October 2017.



## Current Assets

Trade and other receivables decreased from CHF 51.57 million as at 31 December 2017 to CHF 32.42 million as at 31 December 2018 mainly due to a decrease in segregated client funds as a result of lower levels of activity.

Derivative financial instruments decreased from CHF 0.17 million as at 31 December 2017 to CHF 0.04 million as at 31 December 2018 due to a decrease in the unrealised gain position on futures held to hedge client market exposures in accordance with the Group's market risk management policy.

Cash and cash equivalents increased from CHF 0.93 million as at 31 December 2017 to CHF 1.59 million as at 31 December 2018. Investment securities decreased from CHF 0.93 million as at 31 December 2017 to nil as at 31 December 2018 due to the sale of the investment in Oanda in October 2018 and the full impairment of the investment in MyHero in FY2018.

## Non-Current Assets

Intangible assets decreased from CHF 36.48 million as at 31 December 2017 to CHF 0.02 million as at 31 December 2018. The intangible assets comprised a cost of CHF 3.51 million relating to the Group's WeTrade, TradeHub and Account Management System, and CHF 33.36 million relating to goodwill arising out of the acquisition of shares in the subsidiaries.

## Current Liabilities

Convertible bonds decreased from CHF 13.59 million as at 31 December 2017 to nil as at 31 December 2018 due to the conversion of the convertible bonds to share capital as well as repayment of the loans in connection with the IPO.

Trade and other payables decreased from CHF 55.90 million as at 31 December 2017 to CHF 40.02 million as at 31 December 2018 mainly due to the decrease in client funds through the period.

Derivative financial instruments decreased from CHF 9.06 million as at 31 December 2017 to CHF 1.94 million as at 31 December 2018 mainly due to the conversion of the derivative liability component of issued convertible bonds to share capital in connection with the IPO.

## Non-Current Liabilities

Employee benefit liabilities related to the mandatory pension scheme in Switzerland decreased from CHF 0.80 million as at 31 December 2017 to CHF 0.10 million as at 31 December 2018 following two employees leaving the mandatory defined benefit pension scheme in Switzerland following their resignations from the Swiss entity.

## Working Capital

Negative working capital improved from CHF 26.92 million as at 31 December 2017 to CHF 8.83 million as at 31 December 2018. The significant improvement was due to the receipt of IPO proceeds in March 2018, as well as the conversion of convertible bonds into equity.

## Outlook

Moving forward, with the Proposed Disposal, the Group will primarily focus on its social trading business while continuing to develop B2B business with existing and new Asia based partners. The Group's key revenue drivers will be derived from the following - ayondo Technology, a new revenue stream from B2B multi broker open architecture (ayondo 4.0), revenue share, license fees and ongoing support; ayondo Technology and iMaibo to grow user base and diversify product range in China; ayondo and iMaibo to create a new social investing marketplace in Asia; and continue to enhance and develop the Group's historic WeTrade Social Platform to the next generation software, Tradestac in Europe. Key cost control measures are also currently being explored such as synergies with iMaibo in aspects of staff and infrastructure.

Additionally, the Group is actively pursuing potential investors and partners for social trading business opportunities which arise from existing B2B relationships where interest has been expressed, subject to regulatory approval, to develop social trading, whether in Asia or in Europe and elsewhere. The Group is exploring different business models which can be offered to B2B partners namely, direct connection to the Tradestac platform for business-to-customer clients, white label arrangement whereby B2B partners could customise the Tradestac platform to incorporate the brand of the partner and licensing arrangement pursuant to which the Tradestac software would be licensed to the clients who are then able to build their own trader and follower community.

The Group is also confident that the Proposed Disposal will significantly reduce its liabilities.

# Board of Directors

## **Thomas Winkler**

(Non-Executive Chairman and Co-Founder)

Mr Thomas Winkler has more than 24 years of working experience in the European banking, investment and securities trading industries. He is responsible for the formulation of our Group's strategic business directions and managing our Group's external relationship with our key shareholders and investors. He is also responsible for overseeing the implementation of the business goals and objectives of our Group, and identifying new strategic business opportunities and directions to augment our existing operations. Prior to founding our Group, Mr Winkler was holding senior executive positions in ABN AMRO Bank N.V. where he was the global head of private investor product business worldwide (retail) from September 2001 to April 2006 and responsible for the overall global business. At the same time between September 2002 and April 2006, he was the wholesale country executive who was responsible for the Swiss investment bank. From June 1996 to August 2001, he held the position of Executive Director and head of sales for Switzerland fixed income, currency and commodities of Goldman Sachs International, London where he was responsible for the distribution of fixed income, currency and commodities to Switzerland. Between 1989 to 1996, Mr Winkler was working in various banking and finance corporations including Bank Leu AG, Leu Securities Ltd. and Swiss Bank Corporation (SBC) in Warburg, Zurich and London. He completed his commercial apprenticeship at Swiss Bank Corporation in 1983 and subsequently attended one year at the Höhere Wirtschafts-und Verwaltungsschule (HWV), a Swiss economic school in Zurich in 1989.

## **Foo Fatt Kah**

(Non-Executive Director)

Mr Foo Fatt Kah has more than 25 years of experience in investment banking, venture capital and private equity investments. He is also the Managing Director and Co-Founder of Luminor Capital Pte. Ltd., a private equity fund management firm based in Singapore since 2008. From 2003 to 2012, he was the Asian venture partner for Aravis Ventures, a global venture capital firm specializing in biotechnology and energy investments. Prior to that, he was with SG Securities Asia for seven years, most latterly being the Group's Managing Director, Head of Equities Asia excluding Japan, with responsibility for the firm's research, sales, sales trading and dealing activities in 10 Asian markets. From 1994 to 1996, Mr Foo joined Deutsche Morgan Grenfell in Singapore as the Head of Equity Research where he was involved in their Singapore equity research product covering all market sectors. Mr Foo started his career as an equity analyst specialising in the pharmaceutical and biotechnology sector in Europe, working in various firms including

Paribas Capital Markets Group Limited, Barings Securities Ltd. and Robert Fleming & Co., Ltd. in London. Mr Foo obtained his degree in Medicine from Queen's University, UK in 1984 and subsequently obtained his Masters in Business Administration from Queen's University in 1987.

## **Foong Daw Ching**

(Lead Independent Director)

Mr Foong Daw Ching has more than 30 years of audit experience. He was a senior partner of Baker Tilly TFW LLP and also regional Chairman of Asia Pacific region for Baker Tilly International Limited until October 2016. Prior to that, he was the managing partner of Baker Tilly TFW LLP until 2010. Mr Foong is also a Director of Baker Tilly International Limited between April 2007 and October 2016. Between 1979 and 1985, he was an audit senior and subsequently an audit manager with Price Waterhouse, Singapore. Prior to that, he served as an audit assistant, audit senior and audit supervisor with Crane and Partners in United Kingdom from 1973 to 1975 and as an audit supervisor from 1976 to 1978. Mr Foong is also an Independent Director of Starland Holdings Limited, Travelite Holdings Ltd. and Suntar Eco-City Limited. Mr Foong was awarded the Public Service Medal (Pingat Bakti Masyarakat) by the President of Singapore in 2003 and a Merit Service Award by the Institute of Certified Public Accountants of Singapore in 2000. He is a Fellow of the Institute of Chartered Accountant in England and Wales, a Fellow of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants in Singapore), and a Fellow member of CPA, Australia.

## **Chan Heng Toong**

(Independent Director)

Mr Chan Heng Toong has more than 17 years of experience in investment banking. Prior to his retirement in February 2013, he was the general manager and head of investment banking in HL Bank from June 2010. From 2007 to 2009, Mr Chan was the Managing Director of the investment banking division (corporate finance) in United Overseas Bank. Prior to that, he was appointed as Director of United Overseas Bank Asia Limited in 2002 and from 1995 to 2002, he was a Vice-President of the corporate finance division in Overseas Union Bank Limited. From 1990 to 1995, he held the position of general manager and Chief Executive Officer of Overseas Union Bank Limited Singapore (Canada). Prior to that, he was the Vice-President of the corporate banking division of Overseas Union Bank Limited. Between 1988 and 1989, Mr Chan held the position of Vice-President in American Express Bank (NY) where he managed the marketing department and prior to that, he was working in Citibank N.A. from 1979 to 1988 where his last held

position was a Vice-President. Mr Chan started his career in Diethelm Singapore Pte. Ltd. (now known as Diethlem Keller Property & Investment Pte. Ltd.) in 1975. He obtained a Bachelor of Engineering (Honours) from the University of Singapore in 1973 and Masters of Business Administration (Finance) from the University of British Columbia in Canada in 1979.

## **Lam Shiao Ning**

(Independent Director)

Miss Lam Shiao Ning has more than 20 years of experience as a corporate lawyer in Singapore. Miss Lam is currently a partner of Oon & Bazul LLP where she heads the mergers and acquisitions and corporate finance practice. Prior to joining Oon & Bazul LLP in March 2016, she was a Director of Drew & Napier LLC since June 2007 and was an Associate Director since December 2004. She started her career as an associate at Arfat Selvam & Gunasingham (subsequently known as ASG Law Corporation), a boutique corporate legal firm, in April 1998 and became a Director of the firm from January 2003 to October 2004. Miss Lam obtained a Bachelor of Laws (Honours) from the University of Hull, United Kingdom in 1995 and was called to the bar of England and Wales in July 1996. She was admitted as an advocate and solicitor of the Supreme Court of Singapore in March 1998. Miss Lam is a member of The Law Society of Singapore, the Singapore Academy of Law and the Inquiry Panel of the Law Society of Singapore. She also holds a Diploma in Financial Management from the Association of Chartered Certified Accountants, United Kingdom. Miss Lam is a senior teaching fellow at the Singapore Institute of Legal Education and an adjunct lecturer at the Singapore Management University's law faculty.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Thomas Winkler

*Non-Executive Chairman*

Foo Fatt Kah

*Non-Executive Director*

Foong Daw Ching

*Lead Independent Director*

Chan Heng Toong

*Independent Director*

Lam Shiao Ning

*Independent Director*

## AUDIT AND RISK COMMITTEE

Foong Daw Ching (*Chairman*)

Foo Fatt Kah

Chan Heng Toong

Lam Shiao Ning

## NOMINATING COMMITTEE

Lam Shiao Ning (*Chairman*)

Foong Daw Ching

Chan Heng Toong

## REMUNERATION COMMITTEE

Chan Heng Toong (*Chairman*)

Foong Daw Ching

Lam Shiao Ning

## COMPANY SECRETARY

Wee Woon Hong, LLB (Hons)

## REGISTERED OFFICE

20 Collyer Quay

#01-02

Singapore 049319

## Principal Place of Business

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## SPONSOR

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8 Anthony Road

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Singapore 229957

## INDEPENDENT AUDITOR

**Ernst & Young LLP**

Public Accountants and Chartered Accountants

Singapore

One Raffles Quay

North Tower, Level 18

Singapore 048583

Partner-in-charge: Chan Yew Kiang (A member of the Institute of Singapore Chartered Accountants)

## SHARE REGISTRAR

**Tricor Barbinder Share Registration Services**

80 Robinson Road,

#02-00

Singapore 068898

# CORPORATE GOVERNANCE REPORT

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The Board of Directors (the “**Board**”) of ayondo Ltd. (the “**Company**”) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”).

This report outlines the Company’s main corporate governance practices that were in place since our listing during the financial year ended 31 December 2018 (“**FY2018**”) with reference to the principles set out in the Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”). The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and the Guide.

This report should be read in totality, instead of being read separately under each principle of the Code. The Board noted the revised Code of Corporate Governance issued on 6 August 2018 (“**Revised Code**”), which is only effective from the Company’s financial year commencing 1 January 2019, and will endeavour to comply with the Revised Code once it is effective.

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## Guidelines of the Code

## Corporate Governance Practices of the Group

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### BOARD MATTERS

#### The Board’s Conduct of Affairs

##### Principle 1:

**Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with management to achieve this objective and management remains accountable to the Board.**

##### 1.1 The Board’s role is to:

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;
- (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the company’s assets;
- (c) review management performance;
- (d) identify the key stakeholder groups and recognise that their perceptions affect the company’s reputation;
- (e) set the company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group and to protect and enhance long-term shareholders’ value.

Apart from its statutory and fiduciary responsibilities, the primary functions of the Board are to perform its roles and responsibilities laid out under the Code and the Board’s terms of reference.

Please refer to Table A set out on pages 52 to 55 of this Annual Report for the composition and primary functions of the Board.

and

- (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

1.2 All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company.

Every Director, in the course of carrying out his or her duties, acts in good faith and considers at all times, the interests of the Group.

1.3 The Board may delegate the authority to make decisions to any Board Committee but without abdicating its responsibility. Any such delegation should be disclosed.

During FY2018, the Board delegated the implementation of business policies and day-to-day operations to Mr Robert Lempka <sup>(1)</sup>, the then Chief Executive Officer (“**CEO**”) of the Company, as well as the management of the Group (the “**Management**”).

Board committees, namely the Audit and Risk Committee (“**ARC**”), Nominating Committee (“**NC**”), and Remuneration Committee (“**RC**”) (collectively, the “**Board Committees**”) have been established to assist the Board in the discharge of specific responsibilities. The Board Committees are chaired by Independent Directors.

Each Board Committee has its own terms of reference setting out the scope of its duties and responsibilities, the rules and regulations and procedures governing the manner in which it is to operate and how decisions are to be taken.

The Board Committees are actively engaged and play an important role in ensuring good corporate governance of the Group. All recommendations of the Board Committees are subsequently reviewed by the Board.

Please refer to Table A set out on pages 52 to 55 of this Annual Report for the composition and primary functions of the Board Committees.

**Note:**

- (1) Mr Robert Lempka has ceased to be the Executive Director and CEO of the Company on 22 January 2019. Mr Richard Mark Street has been appointed as interim CEO on 22 January 2019.

1.4 The Board should meet regularly and as warranted by particular circumstances, as deemed appropriate by the board members. Companies are encouraged to amend their Articles of Association (or other constitutive documents) to provide for telephonic and video-conference meetings. The number of

The Board meets regularly on a quarterly- basis. Additional meetings are also held from time to time as may be required to address any significant matters that may arise.

Dates of Board and Board Committees meetings and annual general meetings (“**AGMs**”) are scheduled in



meetings of the Board and Board Committees held in the year, as well as the attendance of every board member at these meetings, should be disclosed in the company's Annual Report.

1.5 Every company should prepare a document with guidelines setting forth:

- (a) the matters reserved for the Board's decision; and
- (b) clear directions to management on matters that must be approved by the Board.

The types of material transactions that require board approval under such guidelines should be disclosed in the company's Annual Report.

advance in consultation with all of the Directors. A Director who is unable to attend the scheduled meeting in person is invited to participate in the meeting via telephone or video conference.

The number of Board and Board Committees meetings held and the record of attendance of each member of the Board during FY2018 are set out in Table B at page 55 of this Annual Report.

The Company's constitution (the "**Constitution**") provides for meetings of the Directors to be held by means of telephone conference or other simultaneous communication methods in the event that Directors are unable to attend the meetings in person. The Board and Board Committees may also make decisions by way of circulating written resolutions.

Matters that specifically require the Board's approval include the following:

- Allotment and issuance of new shares in the Company;
- Grant of share awards under the Employee Share Option Scheme
- Issue of convertible bonds and warrants;
- Bank matters including opening of bank accounts, change of bank signatories, acceptance of banking facilities and issuance of corporate guarantees;
- Acquisition and realisation of shares in subsidiaries and any other companies;
- Major acquisition and disposal of assets and any proposal for investment and divestment of interests;
- Incorporation of subsidiaries, subscription of shares in subsidiaries, capitalization of loans due from subsidiaries and appointment of corporate representative;
- Entry into of sale and purchase agreements and any other agreements in relation to the acquisition or disposal of assets outside the ordinary course of business;
- Approving of announcements, quarterly and full year financial results announcements for public release;
- Convening of general meetings;
- Financial and secretarial matters including approval of audited financial statements, Directors' statements, approval of annual capital expenditure, change of registered office and any proposed alteration to the Constitution; and
- Appointment of Directors, key management personnel, auditors and Powers of Attorney.

1.6 Incoming directors should receive comprehensive and tailored induction on joining the Board. This should include his duties as a director and how to discharge those duties, and an orientation program to ensure that they are familiar with the company's business and governance practices. The company should provide training for first-time director in areas such as accounting, legal and industry-specific knowledge as appropriate.

It is equally important that all directors should receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time.

The company should be responsible for arranging and funding the training of directors. The Board should also disclose in the company's Annual Report the induction, orientation and training provided to new and existing directors.

1.7 Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.

All newly appointed Directors will receive appropriate orientation to provide them with background information on the Group and industry-specific knowledge. Newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore will attend training courses organised by the Singapore Institute of Directors ("SID"), and any other training institution in areas such as directors' obligations and responsibilities, accounting, legal and industry specific knowledge when required.

Where necessary, the Directors are provided with updates on changes to the relevant new rules and regulations and changing commercial risks to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. If regulatory changes have a material impact on either the Group or the Directors, the Management will update the Directors during the Board meetings. The Company Secretary (or her representatives) also briefs the Directors on key regulatory changes, while Ernst & Young LLP, the Company's external auditors (the "**External Auditors**") briefs the ARC on key amendments to the accounting standards.

Every Director is also encouraged to seek additional training to further their skills in performing their duties, including attending classes and/or events organised by the SID.

During FY2018, Directors who did not have prior experience as a director of public-listed companies in Singapore, and who had not previously done so, attended courses and seminars conducted by the SID to familiarise themselves with the roles and responsibilities of a director of a public-listed company in Singapore.

The Company has issued formal appointment letters to all independent directors and non-executive director, and service agreements to all executive directors, respectively.

## Board Composition and Guidance

### Principle 2

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10.0% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

2.1 There should be a strong and independent element on the Board, with independent directors making up at least one-third of the Board.

As at the end of FY2018, the Board consisted of one Executive Director, two Non-Executive Directors (one of whom is the Non-Executive Chairman) and three Independent Directors.

On 1 August 2018, Mr Thomas Winkler was re-designated from Executive Chairman to Non-Executive Chairman of the Company.

Subsequent to FY2018, Mr Robert Lempka has ceased to be the Executive Director and CEO of the Company on 22 January 2019. As such, the current board composition of the Company is as follows:

Thomas Winkler	-	Non-Executive Chairman
Dr Foo Fatt Kah	-	Non-Executive Director
Foong Daw Ching	-	Lead Independent Director
Chan Heng Toong	-	Independent Director
Lam Shiao Ning	-	Independent Director

For the financial year ending 31 December 2019, the Company will review its board composition to ensure it complies with the new requirements of the Revised Code for independent directors to make up a majority of the Board where the Chairman is not an independent director.

The Board is able to exercise objective judgement on corporate affairs independently and constructively challenge key decisions, taking into consideration the long-term interests of the Group and its shareholders, as Independent Directors comprise at least 50.0% of the Board. Further, all Board Committees are chaired by Independent Directors and all of the members of the Board Committees are Independent Directors, save for Dr Foo Fatt Kah, who is our Non-Executive Director and a member of the ARC. Please refer to Table A set out on pages 52 to 55 of this Annual Report for the composition of the Board and Board Committees.

2.2 The independent directors should make up at least half of the Board where:

- (a) the Chairman of the Board (the "**Chairman**") and the CEO (or equivalent) is the same person;
- (b) the Chairman and the CEO are immediate family members;
- (c) the Chairman is part of the management team; or
- (d) the Chairman is not an independent director.

2.3 An "independent" director is one who has no relationship with the company, its related corporations, its 10.0% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The Board should identify in the company's Annual Report each director it considers to be independent. The Board should determine, taking into account the views of the Nominating Committee ("**NC**"), whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

If the Board wishes, in spite of the existence of one or more of these relationships, to consider the director as independent, it should disclose in full the nature of the director's relationship and bear responsibility for explaining why he should be considered independent.

On 1 August 2018, Mr Thomas Winkler was re-designated from Executive Chairman to Non-Executive Chairman of the Company. As the Chairman of the Board is not an independent director, the Company had complied and ensured that at least half of the Board comprises Independent Directors as at the end of FY2018.

Mr Robert Lempka has ceased to be the Executive Director and CEO of the Company on 22 January 2019. Mr Richard Mark Street has been appointed as interim CEO on 22 January 2019.

For the financial year ending 31 December 2019, the Company will review its board composition to ensure it complies with the new requirements of the Revised Code for independent directors to make up a majority of the Board where the Chairman is not an independent director.

The NC is responsible for reviewing the independence of each Director based on the guidelines set out in the Code. The NC conducts the review annually and requires each Independent Director to submit a confirmation of independence based on the guidelines provided in the Code.

The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. Based on the confirmation of independence submitted by the Independent Directors and the results of the NC's review, the NC was of the view that the Independent Directors, namely Mr Foong Daw Ching, Mr Chan Heng Toong and Ms Lam Shiao Ning, are independent in accordance with the Code.

There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship in the Code that would otherwise deem him/her not to be independent.

In view of the above, no individual or small group of individuals dominates the Board's decision making powers.

For the financial year ending 31 December 2019, the Company will review the independence of each Director to ensure it complies with the new requirements of the Revised Code for Independent Directors to not have any relationship with the Company or its related corporations, its 5% shareholders or its officers that

2.4 The independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

2.5 The Board should examine its size and, with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision making. The Board should take into account the scope and nature of the operations of the company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board should not be so large as to be unwieldy.

2.6 The Board and its Board Committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment with a view to the best interests of the Company.

As at 31 December 2018, no Independent Directors on the Board had served for more than nine years from the date of their initial appointment.

The Board and the NC, from time to time, examine the Board's size, with a view to determine the impact of the number upon effectiveness, and decide on an appropriate size for the Board, taking into account the scope and nature of the Group's operations.

The Board and the NC also take into account, *inter alia*, the Directors' contributions, areas of expertise and scope of work on an annual basis in evaluating whether the Board's composition is adequate.

The Board and NC have reviewed and are satisfied that the current size and composition of the Board are appropriate for the Group to facilitate independent and effective decision-making.

The NC annually reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

The NC is satisfied that the Board has the appropriate mix of expertise to lead and govern the Group effectively as the Directors are respected individuals drawn from a broad spectrum of expertise which enables them, in their collective wisdom, to contribute effectively and provide a balance of views at both Board and Board Committee meetings.

Each Director has been appointed based on his/her calibre and experience and is expected to bring his/her knowledge and experience in his/her field of expertise to contribute to the development of the Group's strategy and the performance of its business. As at 31 December 2018, the Board comprised 1 female and 5 male Directors who, as a group, carry specialist backgrounds in law, accounting, finance, business and management as well as strategic planning.

- Details of the Directors' academic and professional qualifications and other appointments are set out on pages 12 to 13 of this Annual Report.
- 2.7 Non-executive directors should:
- (a) constructively challenge and help develop proposals on strategy; and
  - (b) review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- 2.8 To facilitate a more effective check on management, non-executive directors are encouraged to meet regularly without the presence of management.
- The Non-Executive Directors (including the Independent Directors) participate actively in Board meetings and provide, amongst other things, strategic guidance to the Company based on their professional knowledge and experience. They constructively challenge and help develop directions on strategy, review the performance of the Management in achieving agreed targets and objectives, assess remuneration and discuss corporate governance matters.
- Where necessary, the Non-Executive Directors (including the Independent Directors) meet and discuss the Group's affairs without the presence of the Management.
- During FY2018, the Group's Non-Executive Directors (including the Independent Directors) held periodic conference calls and/or meetings without the presence of management.

## Chairman and Chief Executive Officer

### Principle 3

**There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.**

- 3.1 The Chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the Board. In addition, the Board should disclose the relationship between the Chairman and the CEO if they are immediate family members.
- The Board recognises that best practices of corporate governance advocate that the Chairman of the Board and the CEO should in principle be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.
- During FY2018, the then Executive Chairman, Mr Thomas Winkler, was responsible for the formulation of the Group's strategic business directions and managing the Group's external relationship with key shareholders and investors. He was also responsible for overseeing the implementation of the business goals and objectives of the Group, and identifying new strategic business opportunities and directions to augment the Group's existing operations.
- Mr Thomas Winkler was re-designated from Executive Chairman to Non-Executive Chairman from 1 August 2018. Following the re-designation, he is responsible for, *inter alia*, (a) leading the Board to ensure its effectiveness on all aspects of its role; (b) establishing the agenda and ensuring that adequate time is available

for discussion of all agenda items, in particular strategic issues; (c) promoting a culture of openness and active discussion at Board level; and (d) promoting high standards of corporate governance, and the daily operations of the Company continued to be overseen by the then Executive Director and CEO, Mr Robert Lempka. Mr Robert Lempka was responsible for the Company's strategic direction and overall day-to-day management of the Group.

Mr Thomas Winkler and Mr Robert Lempka are not related and the roles of the Chairman and the CEO were kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Mr Robert Lempka has ceased to be the Executive Director and CEO of the Company on 22 January 2019. Mr Richard Mark Street who has been appointed as Interim CEO of the Company on 22 January 2019, is responsible for the Group's strategic direction and the overall day-to-day management of the Group. There is no relationship between the Non-Executive Chairman and the interim CEO.

### 3.2 The Chairman should:

- (a) lead the Board to ensure its effectiveness on all aspects of its role;
- (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promote a culture of openness and debate at the Board;
- (d) ensure that the directors receive complete, adequate and timely information;
- (e) ensure effective communication with shareholders;
- (f) encourage constructive relations within the Board and between the Board and management;
- (g) facilitate the effective contribution of non-executive directors in particular; and
- (h) promote high standards of corporate governance.

The Non-Executive Chairman is primarily responsible for the effective working of the Board.

The Non-Executive Chairman also plays a key role in scheduling meetings that enable the Board to perform its duties, establishing the agenda for the Board meetings, ensuring adequate time is available for discussion of all agenda items, in particular strategic issues, proper conduct of meetings and accurate documentation of the proceedings, encouraging constructive relations within the Board and between the Board and Management, ensuring smooth and timely flow of information between the Board and Management, ensuring effective communication with shareholders, promoting a culture of openness and debate at the Board, and promoting high standards of corporate governance.

### 3.3 Every company should appoint an independent director to be the lead independent director where:

- (a) the Chairman and the CEO is the

Mr Foong Daw Ching is the Lead Independent Director of the Company as the Chairman is not an independent director.

The Lead Independent Director avails himself to

same person;

- (b) the Chairman and the CEO are immediate family members;
- (c) the Chairman is part of the management team; or
- (d) the Chairman is not an independent director.

The lead independent director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer (or equivalent) (the "CFO") has failed to resolve or is inappropriate.

- 3.4 Led by the lead independent director, the independent directors should meet periodically without the presence of the other directors, and the lead independent director should provide feedback to the Chairman after such meetings.

address shareholders' concerns or issues for which communication through the normal channels with the Non-Executive Chairman, the CEO and/or the CFO has not resolved or for which such communication is inappropriate, and acts as a counterbalance in the decision-making process. Where necessary, the Lead Independent Director will chair meetings without involvement of the Executive Director(s) and provide feedback to the Non-Executive Chairman, to aid and facilitate well-balanced viewpoints on the Board.

During FY2018, the Lead Independent Director met (whether by means of physical meeting or telephone conference) with the other Independent Directors and Non-Executive Director without the presence of the Executive Director(s) and the management, where necessary, and the Lead Independent Director would provide feedback to the Non-Executive Chairman after such meetings. The Lead Independent Director will also follow-up on such feedback with the Non-Executive Chairman and provide assistance where necessary.

## Board Membership

### Principle 4

**There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.**

- 4.1 The Board should establish a NC to make recommendations to the Board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least three directors, the majority of whom, including the NC Chairman, should be independent. The lead independent director, if any, should be a member of the NC. The Board should disclose in the company's Annual Report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board.

The NC, which terms of reference are approved by the Board, comprises three Independent Directors. The NC meets at least once a year. The Lead Independent Director is a member of the NC.

Please refer to Table A set out on pages 52 to 55 of this Annual Report for the composition and responsibilities of the NC, based on written terms of reference. The NC Chairman and members of the NC are independent. The NC Chairman is not associated with any of the Company's substantial shareholders.

- 4.2 The NC should make recommendations to the Board on relevant matters relating to:

In accordance with the Company's Constitution, one-third of the Directors (or, if their number is not a multiple



- (a) the review of board succession plans for directors, in particular, the Chairman and the CEO;
- (b) the development of a process for evaluation of the performance of the Board, its Board Committees and directors;
- (c) the review of training and professional development programs for the Board; and
- (d) the appointment and re-appointment of directors (including alternate directors, if applicable).

Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All directors should be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.

4.3 The NC is charged with the responsibility of determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in Guidelines 2.3 and 2.4 and any other salient factors. If the NC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the Board for the Board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in Guideline 2.3 or Guideline 2.4, and should similarly provide its views to the Board for the Board's consideration.

4.4 When a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of each company. The NC should

of three, then the number nearest to but not less than one-third) shall retire from office by rotation at each AGM of the Company. Any Director appointed by the Board during the financial year shall hold office only until the next AGM. A retiring Director shall be eligible for re-election.

The NC makes recommendations to the Board on all Board appointments and on the composition of Executive and Independent Directors of the Board. It is also charged with re-nominating directors who are retiring by rotation as well as determining annually whether or not a director is independent. The NC also reviews the succession plan for directors, in particular, the Non-Executive Chairman and the CEO, and is responsible for assessing candidates as possible new members of the Board. The Company identifies and prepares suitable candidates for key management positions by mentoring and training these candidates.

Each member of the NC shall abstain from voting on any resolutions in respect of his/her re-nomination as Director.

A Director who has no relationship with the Company, its related corporation, its 10.0% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement, is considered to be independent.

The NC conducts an annual review of Directors' independence based on the guidelines set forth in the Code. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. Based on the confirmation of independence submitted by the Independent Directors and the results of the NC's review, the NC was of the view that the Independent Directors, namely Mr Foong Daw Ching, Mr Chan Heng Toong and Ms Lam Shiao Ning, are independent in accordance with the Code.

The NC takes into consideration whether a candidate has multiple directorships and whether these other directorships will constrain the candidate in setting aside sufficient time and attention to the Company's affairs. All

decide if a director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director's number of listed company board representations and other principal commitments. Guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards. The Board should determine the maximum number of listed company board representations which any director may hold, and disclose this in the company's Annual Report.

4.5 Boards should generally avoid approving the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. If an alternate director is appointed, the alternate director should be familiar with the company affairs, and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NC and the Board should review and conclude that the person would similarly qualify as an independent director, before his appointment as an alternate director. Alternate directors bear all the duties and responsibilities of a director.

4.6 A description of the process for the selection, appointment and re-appointment of directors to the Board should be disclosed in the company's Annual Report. This should include disclosure on the search and nomination process.

Directors declare their board memberships as and when practicable. The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Group to adequately perform their duties as Directors of the Company.

In assessing the capacity of the Directors, the NC takes into consideration the expected and/or competing time commitments of the Directors, size and composition of the Board, and nature and scope of the Group's operations and size.

The NC is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company Board representations and their principal commitments. Currently, the NC does not determine the maximum number of listed company board representations which a Director may hold as the NC is of the view that each Director is able to assess his/her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively, and has been adequately carrying out his/her duties as a Director of the Company. As such, the Board and the NC do not propose to set the maximum number of listed company board representations any Director may hold until such a need arises. The Board will consider this issue on a case-by-case basis.

As at the date of this report, there is no alternate Director on the Board.

If the need for a new director is identified, either to replace a retiring director or to enhance the Board's capabilities, the NC will make recommendations to the Board regarding the identification and selection of suitable candidates based on the desired qualifications, skill sets, competencies and experience, which are required to supplement the Board's existing attributes

and support the Group's business activities or strategies. If need be, the NC may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration.

The NC, after completing its assessment, will meet (physically or via telephone conference) with the short-listed candidates to assess their suitability, before submitting the appropriate recommendations to the Board for approval.

For the board nomination process for re-electing incumbent Directors, please refer to Guideline 5.3.

4.7 Key information regarding directors, such as academic and professional qualifications, shareholding in the company and its related corporations, Board Committees served on (as a member or Chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments, should be disclosed in the company's Annual Report. In addition, the company's annual disclosure on corporate governance should indicate which directors are executive, non-executive or considered by the NC to be independent. The names of the directors submitted for appointment or re-appointment should also be accompanied by details and information to enable shareholders to make informed decisions. Such information, which should also accompany the relevant resolution, would include:

- (a) any relationships including immediate family relationships between the candidate and the directors, the company or its 10% shareholders;
- (b) a separate list of all current directorships in other listed companies; and
- (c) details of other principal commitments.

Details of the Directors' academic and professional qualifications and other relevant information are set out on pages 12 to 13 of this Annual Report as well as key information on the Directors seeking re-election pursuant to Catalist Rule 720(5) in Table C set out on pages 56 to 64 of this Annual Report.

Mr Chan Heng Toong, an Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and Nominating Committee, will retire by rotation pursuant to Regulation 122 of the Company's Constitution at the AGM. Mr Chan Heng Toong will not be seeking re-election at the AGM. His retirement from the Board will take effect upon the conclusion of the AGM.

## Board Performance

### Principle 5

**There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board.**

5.1 Every Board should implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual director to the effectiveness of the Board. The Board should state in the company's Annual Report how the assessment of the Board, its Board Committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report.

5.2 The NC should decide how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, should be approved by the Board and address how the Board has enhanced long-term shareholder value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision.

The NC assesses the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director to the effectiveness of the Board on an annual basis. Objective performance criteria used to assess the performance of the Board include both quantitative and qualitative criteria. The Board and the NC believe that the financial indicators are mainly used to measure the Management's performance and hence are less applicable to the Non-Executive Directors.

No external facilitator was engaged by the Company for assessing the effectiveness of the Board in FY2018.

The NC had conducted the Board's performance evaluation as a whole for FY2018 together with the performance evaluation of the ARC, RC and NC. The performance criteria for the Board and Board Committees' evaluation, as determined by the NC, cover the following areas:-

1. Board composition and structure;
2. Conduct of meetings;
3. Corporate strategy and planning;
4. Risk management and internal control;
5. Measuring and monitoring performance;
6. Training and recruitment;
7. Compensation;
8. Financial reporting;
9. Board Committees; and
10. Communicating with shareholders.

The abovementioned performance criteria do not change from year to year, unless it is deemed necessary by the Board.

All Directors have completed the Board and Board Committees' evaluation forms mentioned above. The summary of the Board and Board Committee's evaluation was circulated to the members of NC for their review. Areas for improvement were suggested by the NC before submitting to the Board for discussion, such as the working partnership between the Board and senior management of the Company, the strategic

planning process and steps to manage risks in the business, the performance of the Company based on the objectives and targets set, return on equity and performance of the share price, and the existence of a proper board succession plan.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance and/or re-nomination as a Director.

Save for the areas for improvement identified through the Board and Board Committee's evaluation, the NC is satisfied that the Board as a whole and Board Committees had met its performance objectives for FY2018.

5.3 Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and Board Committees, and any other duties). The Chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

The NC also conducted assessment of the individual Directors. All Directors have completed the individual assessment forms with regard to the other Directors on the Board. The summary of the Directors' individual assessment was circulated to the members of NC for their review.

The assessment parameters for each Director include their attendance at Board and related activities, adequacy of preparation for board meetings, participation in Board discussion, ability to make informed business decisions, assessment of the strengths and weaknesses of the Company and how decisions will impact them, ensure strategies, budgets and business plans are compatible with vision and strategy, reading and interpreting financial reports, inquiry of information to make informed judgments/assessments, ability to articulate thoughts, opinions, rationale, and points in a clear, concise and logical manner, compliance with company policies and procedures, maintenance of independence, disclosure of related party transactions, performance in respect of specific tasks delegated to him.

The NC and the Board have relied on the abovementioned parameters to evaluate each Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors.

As disclosed in the Company's announcement dated 22 February 2019, the NC noted (a) the growing discontent between the Board and Mr Robert Lempka, the then Executive Director and CEO of the Company, on the future directions and fund raising options pursued by the Company, and (b) growing discontent between the controlling shareholders, namely Luminor Pacific Fund 1 Ltd. and Luminor Pacific Fund 2 Ltd. and Luminor Capital Pte. Ltd. and Mr Robert Lempka over the

progress of the business initiatives, the fund raising requirements of the Group and the state of affairs of the Group's business and financial performance. In connection with these, Mr Robert Lempka has resigned as the Executive Director and CEO of the Company on 22 January 2019.

Based on the abovementioned assessment parameters and save as disclosed above, the NC and Board are of the view that each Director is at least of an adequate level of effectiveness in his/her contributions and commitment to his/her role.

## Access to Information

### Principle 6

**In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

6.1 Management has an obligation to supply the Board with complete, adequate information in a timely manner. Relying purely on what is volunteered by management is unlikely to be enough in all circumstances and further enquiries may be required if the particular director is to fulfil his duties properly. Hence, the Board should have separate and independent access to management. Directors are entitled to request from management and should be provided with such additional information as needed to make informed decisions. Management shall provide the same in a timely manner.

The Directors have separate and independent access to the Management and all the Group's records and information in carrying out their duties, as and when requested.

Detailed Board papers and files are prepared and circulated in advance for each meeting. This is to give Directors sufficient time to review the matters to be discussed so that discussions can be more meaningful and productive. Any other matters may also be tabled at the Board meeting and discussed without papers being distributed. The Board papers and files include sufficient information from the Management on financial, operating and corporate issues for Directors to decide on issues presented at the Board and Board Committee meetings. Such information may also be in the form of presentations made by Management in attendance at the meetings, or given by external advisors and consultants engaged on specific projects.

The Management regularly provides the Board updates on the developments of the business to apprise the Board on the performance of the Group's business and where appropriate, with financial information, the explanations on the financial information, and the rationale for the key decisions taken by Management. Where further information is requested by the Board to make informed decisions to discharge their duties and responsibilities, the information is furnished by the Management in a timely manner.

6.2 Information provided should include board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.

6.3 Directors should have separate and independent access to the company secretary. The role of the company secretary should be clearly defined and should include responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the company secretary's responsibilities include ensuring good information flows within the Board and its Board Committees and between management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary should attend all board meetings.

6.4 The appointment and the removal of the company secretary should be a matter for the Board as a whole.

6.5 The Board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the company's expense.

The Directors are regularly provided with complete, adequate and timely information prior to Board meetings to enable them to fulfil their duties. These include explanations of the meeting materials to the Board, and in respect of budgets and financial results, any material differences between the projection and actual results are disclosed and explained.

The Directors have separate and independent access to the Company Secretary.

The Company Secretary, together with the management, ensures that applicable rules and regulations are complied with and assists the Board in implementing corporate governance practices and ensure good information flows within the Board and its Board Committees and between the Management and Independent Directors. The Company Secretary attends to corporate secretariat administration matters and advises the Board on governance matters.

In addition, the Company Secretary (or her representatives), attends Board and Board Committee meetings of the Company to ensure that Board procedures are followed and that all applicable rules and regulations are complied with.

The appointment and removal of the Company Secretary are subject to the Board's approval.

All Directors have direct access to the Group's independent professional advisors, as and when necessary, to discharge his/her responsibilities effectively. In addition, the Directors, either individually or as a group, may seek separate independent professional advice concerning any aspect of the Group's operations or undertakings in order to fulfil his/her role and responsibilities as a Director, if necessary. The cost of all such professional advice is borne by the Company.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

#### Principle 7

**There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

7.1 The Board should establish a Remuneration Committee ("RC") with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three directors, the majority of whom, including the RC Chairman, should be independent. All of the members of the RC should be non-executive directors. This is to minimise the risk of any potential conflict of interest. The Board should disclose in the company's Annual Report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.

The RC, which terms of reference are approved by the Board, comprises three Independent Directors. The RC meets at least once a year.

Please refer to Table A set out on pages 52 to 55 for the composition and functions of the RC.

7.2 The RC should review and recommend to the Board a general framework of remuneration for the Board and key management personnel. The RC should also review and recommend to the Board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire Board.

The RC oversees executive remuneration and development in the Company with the goal of building a capable and committed management team. The RC reviews and recommend to the Board a general framework of remuneration for the Board, and the specific framework of remuneration packages for each Director, CEO (if CEO is not a director) and key management personnel. The recommendations of the RC will be submitted for endorsement by the Board.

The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

The RC reviews all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

7.3 If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants

No remuneration consultants were engaged by the Company during FY2018. The RC and the Board were of the view that the Company does not need to engage remuneration consultants as the remuneration for Executive Director(s) and the key management personnel are based on their respective existing service agreements.

The RC may consider utilising external expert advice and data, as and when necessary, to assist in the evaluation of its compensation recommendations. Each member of the RC shall abstain from reviewing and



have any such relationships with the company.

- 7.4 The RC should review the company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance.

approving any remuneration, compensation or any form of benefit to be granted to him/her or someone related to him/her.

The RC reviews the Company's obligations arising from termination clauses and termination processes in relation to the Executive Directors' and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

## Level and Mix of Remuneration

### Principle 8

**The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.**

- 8.1 A significant and appropriate proportion of executive directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the company. It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing executive directors' and key management personnel's performance.

In reviewing and determining the remuneration packages of the Executive Director and the key management personnel of the Group, the RC takes into consideration the Executive Director's and key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages. An appropriate proportion of their remuneration is linked to individual and corporate performance and is aligned with the interests of Shareholders.

- 8.2 Long-term incentive schemes are generally encouraged for executive directors and key management personnel. The RC should review whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged.

Save for the ayondo's 2018 Employee Share Option Scheme ("**2018 ayondo ESOS**") which was adopted by the Company on 23 February 2018, the Company had no long-term incentive schemes during FY2018. No share options were issued under the 2018 ayondo ESOS during FY2018.

Executive directors and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.

- 8.3 The remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors. Non-executive directors should not be over-compensated to the extent that their independence may be compromised.

The RC should also consider implementing schemes to encourage non-executive directors to hold shares in the company so as to better align the interests of such non-executive directors with the interests of shareholders.

- 8.4 Companies are encouraged to consider the use of contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company.

The Independent Directors and Non-Executive Director do not have service agreements with the Company. They are paid Directors' fees, being a basic fee and additional fees for serving on any of the Board Committees. The Board recommends payment of such Directors' fees appropriate to the level of their contributions, taking into account factors such as the effort, time spent and responsibilities of the Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Independent Directors and Non-Executive Director are subject to approval by Shareholders at each AGM thereby ensuring that their independence is not compromised.

Each member of the RC abstains from deliberating on or making recommendations in respect of any proposed amounts to be paid by the Company to him/her.

Please refer to Table D set out on pages 64 to 65 for the detailed schedule of annual fees for Independent Directors being proposed to Shareholders.

On 22 February 2018, the Company entered into separate service agreements with Mr Thomas Winkler, the then Executive Chairman, and Mr Robert Lempka, the then Executive Director and CEO of the Company.

Pursuant to the terms of the relevant service agreement, Mr Robert Lempka, the then Executive Director and CEO, was also entitled to an annual profit sharing bonus ("**Profit Sharing Bonus**") of a sum calculated based on the Group's audited consolidated profit before tax from continuing operations (after deducting profit before tax attributable to minority interests and excluding non-recurring or one-off gains or losses) achieved in the relevant financial year. Where the employment of the Executive Director is for less than a full financial year in the Company, the Profit Sharing Bonus for that financial year shall be apportioned in respect of the actual number of days of the employment of the Executive Director on the basis of a 365-day financial year and shall be paid after the end of that financial year.

Under the relevant service agreement, Mr Thomas Winkler, the then Executive Chairman, was not entitled to the Profit Sharing Bonus in excess of his annual salary.

During FY2018, Mr Robert Lempka had not received any Profit Sharing Bonus pursuant to the aforementioned service agreement.

Both service agreements with Mr Thomas Winkler and Mr Robert Lempka contain contractual provisions which allow the Group to reclaim the incentives or any related payments paid to them should there be any misstatements of financial results, or of misconduct resulting in financial loss to the Group.

On 31 July 2018, the Company entered into a deed of termination in respect of the service agreement with Mr Thomas Winkler, in conjunction with his re-designation from Executive Chairman of the Company to Non-Executive Chairman of the Company.

On 22 January 2019, the Company entered into a termination agreement with Mr Robert Lempka in relation to the service agreement between the Company and Mr Robert Lempka. Mr Robert Lempka has ceased to be the Executive Director and CEO of the Company on 22 January 2019.

## Disclosure on Remuneration

### Principle 9

**Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.**

9.1 The company should report to the shareholders each year on the remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. This annual remuneration report should form part of, or be annexed to the company's annual report of its directors. It should be the main means through which the company reports to shareholders on remuneration matters.

Please refer to Table D set out on pages 64 to 65 for remuneration details of the Directors and key management personnel.

The Group had seven key management personnel (who are neither Directors nor the CEO of the Company) during FY2018.

The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).

9.2 The company should fully disclose the remuneration of each individual director and the CEO on a named basis.

There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives

9.3 The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. Companies need only show the applicable bands.

There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).

As best practice, companies are encouraged to fully disclose the remuneration of the said top five key management personnel.

9.4 For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000. The company need only show the applicable bands.

Please refer to Table D set out on pages 64 to 65 for remuneration details of the Directors and the then Executive Director and CEO.

Please refer to Table D set out on pages 64 to 65 for remuneration bands and details of the key management personnel.

Given the general sensitivity and confidentiality of remuneration matters, the Company is not disclosing the exact details of the remuneration of each individual Director and key management personnel of the Group. It is important for the Company to retain talent for the long-term interests of the Company and ensure stability and continuity of business operations with a competent management team in place. Such disclosure of remuneration of each Director and key management personnel in a highly competitive market for talents may potentially result in staff movement.

However, the Company adopts the disclosure of remuneration in bands of S\$250,000 which would provide a good overview and is informative of the remuneration of each Director and key management personnel.

There is no employee who is an immediate family member of any Director or CEO, whose remuneration for FY2018 exceeds S\$50,000.

9.5 The annual remuneration report should also contain details of employee share schemes to enable their shareholders to assess the benefits and potential cost to the companies. The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.

9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.

The 2018 ayondo ESOS was adopted pursuant to written resolutions passed by the then Shareholders on 23 February 2018. The 2018 ayondo ESOS is administered by the RC, and contemplates the award of options to subscribe for shares of the Company at a certain subscription price, when or after prescribed performance targets are achieved by the selected employees of the Group.

The RC reviews the proposal made by the Management and submits its recommendations to the Board for endorsement.

No options have been granted under the 2018 ayondo ESOS since its implementation in FY2018.

The Company's remuneration policy is one that seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Executive Directors and key management personnel to achieve the Company's business vision and create sustainable value for its stakeholders.

The remuneration policy adopted by the Group comprises a fixed component and a performance-related variable component. The fixed component is in the form of a base salary. The variable component is in the form of a bonus and depends on the relative performance of the Company and the performance of each individual Executive Director and key management personnel, allowing for the alignment of their interests with that of Shareholders. The Executive Director(s) do not receive additional Directors' fees.

The performance criteria used to assess the remuneration of Executive Director(s) and key management personnel is based on the profitability of the Group, leadership, as well as the Executive Director's and key management personnel's compliance in all audit matters. Save for the 2018 ayondo ESOS, there are currently no long-term incentives for the Executive Director and key management personnel. The Executive Director's and key management personnel's short-term incentives (namely the performance-related variable component) are recommended by the RC and approved by the Board.

The RC has reviewed the relevant performance conditions of the Executive Director and key management personnel and noted that not all conditions were met for FY2018 in view of the Group's financial situation in FY2018.

Please refer to Table D set out on pages 64 to 65 for the percentage breakdown of performance bonus (where applicable) to the Executive Director and key management personnel for FY2018.

Please refer to Guidelines 8.1 and 8.2 for further details regarding the remuneration for the Executive Director(s) and key management personnel.

The Independent Directors and Non-Executive Director receive Directors' fees, being a basic fee and additional fees for serving on any of the Board Committees. The Board recommends payment of such Directors' fees appropriate to the level of their contributions, taking into account factors such as the effort, time spent and responsibilities of the Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees are recommended by the RC and endorsed by the Board for approval by Shareholders of the Company at the AGM. Each member of RC abstains from making recommendation on his/her remuneration.

## ACCOUNTABILITY AND AUDIT

### Accountability

#### Principle 10

**The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

10.1 The Board's responsibility to provide a balanced and understandable assessment of the company's performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators (if required).

The Board recognises its responsibility to provide a balanced and understandable assessment of the Group's performance, position and prospects in its annual financial statements and quarterly and full year results announcements to Shareholders, and takes adequate steps to ensure compliance with legislative and regulatory requirements.

10.2 The Board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.

The Board reviews compliance issues, if any, with Management on a quarterly basis and as and when required.

All the Directors and key management personnel of the Group have also signed a letter of undertaking pursuant to the amended Rule 720(1) of the Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**") which includes an undertaking to use best endeavours to procure that the Company complies with the Catalist Rules.

10.3 Management should provide all members of the Board with management accounts and such explanation and information on a monthly basis and as the Board may require

To enable effective monitoring and decision-making by the Board, the Management provides the Board with a necessary flow of relevant information as well as financial reports of the Group upon request by the

from time to time to enable the Board to make a balanced and informed assessment of the company's performance, position and prospects.

Board. Detailed board papers are prepared and circulated for each meeting of the Board and Board Committees.

The Board is of the opinion that the Management provides relevant information, comprehensive quarterly financial statements and analysis of the results so that the Board can make a balanced and informed assessment of the Company's performance, position and prospects.

The Board also provides a negative assurance statement to the Shareholders in respect of the interim financial statements, namely, that nothing has come to the Board's attention which may render the interim financial statements to be false or misleading in any material aspect. For FY2018, the interim CEO and the CFO have provided assurance to the Board on the integrity of the Group's financial statements.

## Risk Management and Internal Controls

### Principle 11

**The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**

11.1 The Board should determine the company's levels of risk tolerance and risk policies, and oversee management in the design, implementation and monitoring of the risk management and internal control systems.

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The Board reviews the Group's business and operational activities to identify areas of significant business risk as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas to the Group such as financial, operational, compliance and information technology risks based on the feedback of PriceWaterhouseCoopers Risk Services Pte. Ltd. (the "**Internal Auditors**"), and External Auditors. The Board also oversees the Management in implementing the risk management and internal controls system.

The Board is also responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults with the External Auditors and Internal Auditors to determine the risk tolerance level and corresponding risk policies.

11.2 The Board should, at least annually, review the adequacy and effectiveness of the

The statutory auditors carry out statutory audits annually in accordance with their audit plan. Control observations

company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.

noted during their audits and the auditors' recommendations are reported to the ARC.

The internal audit function is outsourced to the Internal Auditors. The Internal Auditors perform their work according to the detailed internal audit scope including focus on operational and financial risks, evaluation of the adequacy of internal control system and application of controls in practice, making appropriate recommendations for improvements to the Group's internal controls.

The internal controls of the Group provide reasonable but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also recognises that no system of internal control or risk management can provide absolute assurance against the occurrence of errors, poor judgement in decision-making, losses, frauds or other irregularities.

- 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems.

The Board should also comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
- (b) regarding the effectiveness of the company's risk management and internal control systems.

Based on internal controls established and maintained by the Group as at the date of this Annual Report, the works performed by the Internal Auditors and feedback received from the External Auditors, the reviews performed by Management and the various Board Committees, the Board, with the concurrence of the ARC, is of the view that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems were reasonably adequate and effective as at 31 December 2018, save for certain deficiencies relating to the financial and information technology ("IT") systems in the Group's main subsidiary, Ayondo Markets Limited ("**AML**") as at 31 December 2018. Due to the challenges with the business environment arising from regulatory changes in the United Kingdom, the Group experienced attrition in the finance team in AML, and the IT department in AML has been understaffed. These led to deficiencies in the adequacy and effectiveness of controls over financial reporting and IT. However, the Company has on 3 June 2019 obtained shareholders' approval for the disposal of the entire issued shares of AML held by Sycap Group (UK) Limited to BUX Holdings B.V., and accordingly the Proposed Disposal was completed on 5 June 2019. With the sale of AML, the deficiencies in the IT system will no longer be an issue for the Group. The Group is also in the process of engaging a Group CFO or a Group Finance Manager to strengthen the finance team's resources and oversee the internal control and risk management of the Group's financial systems. In the meantime, the Group has contracted an outsourced Financial Officer to take charge of the finance functions



of the Group.

The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Group's internal control and risk management systems.

The Board has also received assurance from the interim CEO and the CFO that for FY2018:

- (a) The financial records have been properly maintained and the financial statements of the Group for FY2018 give a true and fair view of the Group's operations and finances; and
- (b) The Company's risk management and internal control systems are effective.

11.4 The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies.

The Company manages risks under an overall strategy determined by the Board. The Board monitors the Group's risks through the ARC and the Internal Auditors.

The ARC is responsible for overseeing the internal controls and risk management systems of the Group and the Board reviews the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems on an on-going basis.

## Audit and Risk Committee

### Principle 12

**The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.**

12.1 The AC should comprise at least three directors, the majority of whom, including the AC Chairman, should be independent. All of the members of the AC should be non-executive directors.

The ARC comprises four members, three of whom are Independent Directors and one is a Non-Executive Director. The ARC members are appropriately qualified to discharge their responsibilities and functions under the terms of reference approved by the Board. The ARC meets at least four times a year.

The Board should disclose in the company's Annual Report the names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board.

Please refer to Table A set out on pages 52 to 55 for the composition and the main functions of the AC.

12.2 The Board should ensure that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the AC Chairman, should have recent and relevant accounting or

The Board is satisfied that the members of the ARC are appropriately qualified to discharge their responsibilities. The Chairman, Mr Foong Daw Ching, and the members of the ARC, Dr Foo Fatt Kah, Mr Chan Heng Toong and Ms Lam Shiao Ning have relevant accounting or related

related financial management expertise or experience, as the Board interprets such qualification in its business judgement.

financial management expertise or experience, as the Board interprets such qualification in its business judgement.

Mr Chan Heng Toong, an Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and Nominating Committee, will retire by rotation pursuant to Regulation 122 of the Company's Constitution at the AGM. Mr Chan Heng Toong will not be seeking re-election at the AGM. His retirement from the Board will take effect upon the conclusion of the AGM.

The Board is satisfied that, following the retirement of Mr Chan Heng Toong from the Board, there remains a sufficient number of members in the ARC in compliance with the requirements of the Revised Code.

12.3 The AC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The ARC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation of the Management and full discretion to invite any Director or key management personnel to attend its meetings. The ARC has reasonable resources to enable it to discharge its duties properly.

12.4 The duties of the AC should include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

The ARC meets at least on a quarterly basis to review the quarterly and full year results announcements of the Group and the audited annual financial statements, SGXNET announcements and all related disclosures to shareholders before recommending the same to the Board for approval. In the process, the ARC reviews the basis and reasoning of the Management in the preparation of the financial statements, critical accounting policies and any significant changes that would have an impact on the Company's financials.

In the review of the financial statements for FY2018, the ARC has discussed with the Management the accounting practices adopted for the financial year, including accounting policies and accounting estimates.

(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

The ARC evaluates on a yearly basis the adequacy and effectiveness of the internal controls including financial, operational, compliance and information technology controls and regulatory compliance of the Group through discussion with the Management, Internal Auditors and External Auditors.

(c) reviewing the effectiveness of the company's internal audit function;

Please refer to Guidelines 13.1 and 13.2.

(d) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and

The ARC reviews the scope of the External Auditors' audit plan and the effectiveness of the results from the independent audit. The ARC also reviews the independence and objectivity of the External Auditors as well as the Group's compliance with the Catalist Rules, the Code, as well as interested person transactions and whistleblowing reports, if any.

(e) making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

The ARC recommends to the Board the appointment, re-appointment and removal of External Auditors, and approves the remuneration and terms of engagement of the External Auditors.

12.5 The AC should meet (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of management, at least annually.

The ARC meets with the Internal Auditors and External Auditors separately, at least once a year, without the presence of the Management to review any matters that might have arisen.

12.6 The AC should review the independence of the external auditors annually and should state (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the company's Annual Report.

In compliance with Rule 1204(6)(b) of the Catalist Rules, the ARC undertook the annual review of the independence and objectivity of the External Auditors by reviewing the non-audit services provided and the fees paid to them. The ARC is of the opinion that the provision of such services does not affect the independence and objectivity of the External Auditors. A breakdown of the fees paid in total to the External Auditors for audit and non-audit services for FY2018 is reflected in Note 8 to the financial statements.

Where the external auditors also supply a substantial volume of non-audit services to the company, the AC should keep the nature and extent of such services under review, seeking to maintain objectivity.

The External Auditors have also provided a confirmation of independence to the ARC. Accordingly, the ARC has recommended the re-appointment of Ernst & Young LLP as auditor of the Company at the forthcoming AGM.

Ernst & Young LLP and its member firms are the auditors of all the Company's Singapore-incorporated subsidiaries and foreign-incorporated subsidiaries. For the foreign-incorporated subsidiaries, Ernst & Young LLP are the auditors for the purposes of supporting the consolidated audit opinion, but are not the auditors for local statutory purposes. The Board and ARC are of the view that the Company has complied with Catalist Rules 712 and 715 in relation to its External Auditors.

12.7 The AC should review the policy and arrangements by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective should be to ensure that arrangements are in place for such concerns

The Group has established a whistle-blowing policy which provides a channel for employees of the Group and external parties to raise their concerns about possible improprieties in matters of financial reporting or other matters to the ARC Chairman, in good faith and in confidence.

to be raised and independently investigated, and for appropriate follow-up action to be taken.

The existence of a whistle-blowing policy should be disclosed in the company's Annual Report, and procedures for raising such concerns should be publicly disclosed as appropriate.

12.8 The Board should disclose a summary of all the AC's activities in the company's Annual Report. The Board should also disclose in the company's Annual Report measures taken by the AC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.

12.9 A former partner or director of the company's existing auditing firm or auditing corporation should not act as a member of the company's AC: (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation.

The procedures for whistle-blowing have been circulated to the employees of the Company and the Group and are also posted on the Group's Intranet and website, which are accessible by the employees of the Company and its subsidiaries where they can call or email the ARC Chairman directly on all matters. The follow-up procedures regarding matters raised are also stated and whistle-blowers are assured that all actions in good faith will not affect them in their work and staff appraisals.

The ARC is kept abreast by the Management and the External Auditors of changes to the Financial Reporting Standards, listing rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

Please refer to the Group's practices in Guidelines 1.6 and 12.4.

None of the ARC members were previous partners or directors of the existing auditing firms within the previous 12 months and none of the ARC members hold any financial interest in the above-mentioned auditing firms.

## Internal Audit

### Principle 13

**The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**

13.1 The Internal Auditor's primary line of reporting should be to the AC Chairman although the Internal Auditor would also report administratively to the CEO.

The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced. The Internal Auditor should have unfettered access to all the company's documents, records, properties and personnel, including access to the AC.

The ARC, in consultation with the Management, approves the hiring, removal, evaluation and the fees of the Internal Auditors. The Internal Auditors have unfettered access to all the Group's documents, records, personnel and the ARC.

The internal audit function of the Group was out-sourced to PriceWaterhouseCoopers Risk Services Pte. Ltd. since FY2018. The Internal Auditors report primarily to the Chairman of the ARC and has unrestricted access to documents, records, properties and personnel of the Group.

13.2 The AC should ensure that the internal audit function is adequately resourced and has appropriate standing within the company. For the avoidance of doubt, the internal audit function can be in-house, outsourced to a reputable accounting/auditing firm or corporation, or performed by a major shareholder, holding company or controlling enterprise with an internal audit staff.

The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets. The Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. For example, the key features of the internal control environment include having clear and defined terms of reference for Board Committees, assigning authority and responsibility in accordance with an authority matrix and written internal control procedures.

The role of the Internal Auditors is to assist the ARC in ensuring that the controls are adequate, effective and functioning as intended, to undertake investigations as directed by the ARC and to conduct regular in-depth audits of high risk areas.

13.3 The internal audit function should be staffed with persons with the relevant qualifications and experience.

The ARC has reviewed and is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals. The ARC ensures, among others, the adequacy and effectiveness of the internal audit function by examining the Internal Audit firm's performance, resources, its audit plans and scope of work and that the internal audit function is carried out according to standards set by international recognised professional bodies.

The ARC has reviewed and is satisfied that the Company's internal audit function is independent, effective and adequately resourced.

13.4 The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

PriceWaterhouseCoopers Risk Services Pte. Ltd. is a member of the Institute of Internal Auditors ("IIA"). The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by IIA.

13.5 The AC should, at least annually, review the adequacy and effectiveness of the internal audit function.

The Internal Auditors plan their internal audit schedules in consultation with, but independent of, the Management. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit work. In addition, the Internal Auditors may be involved in ad-hoc projects initiated by the Management which require the assurance of the Internal Auditors in specific areas of concerns. Please refer to Guidelines 13.1 and 13.2 above on the adequacy and effectiveness of the internal audit function.

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Shareholders Rights

#### Principle 14

**Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements**

- 14.1 Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.
- In line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore (the "**Act**") the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner for all material developments that impact the Group via SGXNET on an immediate basis.
- 14.2 Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.
- At general meetings, Shareholders are given the opportunity to voice their views and direct their questions to the Directors and the Management relating to the Company's business or performance. The Chairpersons of the ARC, NC and RC, as well as the External Auditors, will be present to assist the Directors in addressing any relevant queries raised by Shareholders.
- Shareholders are also informed of the voting procedures prior to the commencement of voting by poll.
- 14.3 Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.
- The Company's Constitution also allows an individual Shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings.
- In line with the amendments to the Act, the Constitution allows corporate Shareholders of the Company which provide nominee or custodial services to third parties to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such shareholder.

### Communication with Shareholders

#### Principle 15

**Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**

- 15.1 Companies should devise an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, companies should be as descriptive, detailed and forthcoming as possible, and avoid boilerplate disclosures.
- Presently, the Company does not have a formal investor policy or protocol in place. However, the Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Act, it is the Board's policy to

ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group through SGXNET. As set out in the Company's announcement dated 25 June 2018, the Company had also in FY2018 introduced a means of communicating with Shareholders through the Investor Relations page on the Company's website on which press releases of the Company may be found, as well as a function for Shareholders to sign up to receive emails and contact the Company.

Shareholders of the Company receive the annual reports and notices of AGMs which are also advertised in the newspapers within the prescribed deadlines prior to the AGMs. The Board encourages shareholders' participation at the AGMs and periodically communicates with Shareholders through SGXNET throughout the financial year.

Similarly, Shareholders will receive the circulars and notices of extraordinary general meetings ("EGMs") which are advertised in the local newspapers within the prescribed deadlines prior to the EGMs.

On 1 June 2018, the Company appointed Ms Mita Natarajan as Chief Business Development Officer of the Company. Ms Mita Natarajan is responsible for the business development of the Company and its subsidiaries, including the growth of the B2B business in Asia, together with investor relations of the Group.

15.2 Companies should disclose information on a timely basis through SGXNET and other information channels, including a well-maintained and updated corporate website. Where there is inadvertent disclosure made to a select group, companies should make the same disclosure publicly to all others as promptly as possible.

The Company does not practice selective disclosure of material information.

The Group makes all necessary disclosures to Shareholders and the public via SGXNET on a timely basis.

15.3 The Board should establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.

The Board will meet and speak with Shareholders regularly, primarily through general meetings of Shareholders, to gather their views and address concerns.

As set out in the Company's announcement dated 25 June 2018, the Company had also in FY2018 introduced a means of communicating with Shareholders, through the Investor Relations page on the Company's website on which press releases of the Company may be found, as well as a function for Shareholders to sign up to receive emails and contact the Company.

15.4 The Board should state in the company's Annual Report the steps it has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings.

Please refer to the Group's practices set out in Guideline 15.3.

15.5 Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. Where dividends are not paid, companies should disclose their reasons.

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

No dividend was paid or proposed for FY2018 due to the loss incurred during FY2018. The Board is of the view that it is prudent to retain any cash resources to meet its loan repayment commitments as well as for potential suitable investment and acquisition opportunities that may require significant capital outlay.

## Conduct of Shareholder Meetings

### Principle 16

**Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

16.1 Shareholders should have the opportunity to participate effectively in and to vote at general meetings of shareholders. Companies should make the appropriate provisions in their Articles of Association (or other constitutive documents) to allow for absentia voting at general meetings of shareholders.

Accompanying the notice of AGM and EGM, is a proxy form, so that (i) Shareholders who are individuals may appoint up to two proxies to attend and vote on their behalf; and (ii) Shareholders which are intermediaries (such as banks and capital markets services licence holders) providing custodial services may appoint more than two proxies to attend and vote on their behalf provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such shareholder, should Shareholders be unable to personally attend the meetings.

Voting in absentia, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

16.2 There should be separate resolutions at general meetings on each substantially separate issue. Companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

The Company has separate resolutions for each distinct issue tabled for shareholders' approval at general meetings.



16.3 All directors should attend general meetings of shareholders. In particular, the Chairman of the Board and the respective Chairman of the AC, NC and RC should be present and available to address shareholders' queries at these meetings.

The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

16.4 Companies should prepare 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, and to make these minutes available to shareholders upon their request.

16.5 Companies should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Companies are encouraged to employ electronic polling.

The respective chairpersons of the ARC, RC and NC will be present at the AGMs and EGMs to address queries raised by the shareholders

The External Auditors are invited to attend the AGMs to address any Shareholders' queries about the conduct of their audit.

The Company prepares minutes of general meetings which incorporate substantial comments and queries from Shareholders and responses from the Board and Management. These minutes are made available to Shareholders upon their request.

For the financial year ending 31 December 2019, the Company will publish the minutes of general meetings on the Company's website to ensure it complies with the new requirements of the Revised Code.

In line with Catalist Rule 730A, with effect from 1 August 2015, all the resolutions will be voted on by way of poll and all shareholders are entitled to vote in accordance with the established voting rules and procedures, which will be clearly explained by the scrutineers at such general meetings. The Company will announce the detailed results showing the number of votes cast for and against each resolution and the respective percentages to the Shareholders and the public.

## OTHER CORPORATE GOVERNANCE MATTERS

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### 1. **Material Contracts** [Catalist Rule 1204(8)]

There is no material contract entered into by the Company or its subsidiaries involving the interests of the then Executive Director and CEO or any Director or controlling shareholder of the Company, either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

### 2. **Interested Person Transactions** [Catalist Rule 1204(17)]

The Company is required to comply with the requisite rules under Chapter 9 of the Catalist Rules for interested person transactions. To ensure compliance with Chapter 9, the Company has implemented a set of procedures for the identification of interested persons and the recording of interested person transactions to be reviewed by the ARC. The main objective is to ensure that all interested person transactions are conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company monitors all its interested person transactions which are subject to review by the ARC on a quarterly basis, if any. In addition, such interested person transactions will also be subject to shareholders' approval, if required under Chapter 9 of the Catalist Rules.

The Company does not have a general mandate for interested person transactions. Save as disclosed in the offer document dated 15 March 2018, the Company has not entered into any interested person transaction with aggregate value of more than S\$100,000 during FY2018 pursuant to Rule 907 of the Catalist Rules.

### 3. **Dealings in Securities** [Catalist Rule 1204(19)]

In compliance with Rule 1204(19) of the Catalist Rules, the Group has adopted a Code of Best Practice to provide guidance to the Company, its Directors and officers and all staff of the Group with regards to dealing in the Company's securities.

The Company, Directors, officers and all staff of the Group and their associates are advised not to deal in the Company's securities on short-term considerations and when they are in possession of price-sensitive information which is not publicly available. They are also reminded regularly not to deal in the Company's securities during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and one month before the announcement of the Company's full year financial statements, and ending on the date of announcement of those results.

### 4. **Non-sponsor Fees** [Catalist Rule 1204(21)]

The Company paid \$7,500 to the Company's continuing sponsor, UOB Kay Hian Private Limited, in FY2018.

## 5. Update on Use of Proceeds

[Catalist Rule 1204(22)]

The Company had raised net proceeds from the IPO of approximately S\$18.5 million (the “**IPO Net Proceeds**”). The Company had on 14 August 2018 announced the change in the use of IPO Net Proceeds.

As at the date of this Annual Report, and as disclosed in the Company’s announcements on 6 April 2018 and 14 August 2018, the use of the IPO Net Proceeds is as follows:-

	Amount allocated as disclosed in the Offer Document	Amount re- allocated	Revised allocation	Amount utilised as at 14 August 2018	Balance of IPO Net Proceeds as at 14 August 2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Use of proceeds</b>					
Business expansion through:					
Platform enhancement	2,100	(1,511)	589	589	-
Marketing spend	5,250	(3,938)	1,312	1,312	-
General working capital purposes	2,600	5,449	8,049	8,049 <sup>(1)</sup>	-
Repayment of loans	8,500	-	8,500	8,500	-
<b>Total</b>	<b>18,450</b>	<b>-</b>	<b>18,450</b>	<b>18,450</b>	<b>-</b>

### Note:

- (1) For payment of normal operational expenses (staff expenses, legal and professional costs and other operating expenses) in light of the shortfall in revenues.

Based on the table set out above, all the IPO Net Proceeds have been fully utilised as at the date of this Annual Report.

## 6. Sustainability Reporting

[Catalist Rule 711A]

In compliance with Rule 711A and B and Practice Note 7F of the Sustainability Reporting Guide in the Catalist Rules, the Company’s first Sustainability Report will be released before 31 December 2019.

## TABLE A

### Board comprises:-

Thomas Winkler*	(Non-Executive Chairman)
Robert Lempka#	(Executive Director and Chief Executive Officer)
Dr Foo Fatt Kah	(Non-Executive Director)
Foong Daw Ching	(Lead Independent Director)
Chan Heng Toong	(Independent Director)
Lam Shiao Ning	(Independent Director)

### Notes:

\* Mr Thomas Winkler was re-designated from Executive Chairman to Non-Executive Chairman of the Company on 1 August 2018.

# Mr Robert Lempka has ceased to be the Executive Director and CEO of the Company on 22 January 2019.

The primary functions of the Board include:-

1. providing entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the company to meet its objectives;
2. establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
3. reviewing management performance;
4. identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
5. setting the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
6. considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Board's approval is also required on matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, share issuance and dividends.

These functions are carried out either by the Board or through committees established by the Board, namely the ARC, the NC and the RC. The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering these Board Committees to decide on matters within their respective written terms of reference. Each Board Committee has its own terms of reference setting out the scope of its duties and responsibilities, the rules and regulations and procedures governing the manner in which it is to operate and how decisions are to be taken.

### Audit and Risk Committee comprises:-

Foong Daw Ching	(Chairman, Independent)
Dr Foo Fatt Kah	(Member)
Chan Heng Toong	(Member, Independent)
Lam Shiao Ning	(Member, Independent)

The ARC performs the following main functions:-

- (a) review the Audit Quality Indicators (“AQI”) and audit plans of the external auditors, including the results of the external and internal auditors’ examination and their evaluation of the system of internal accounting controls, their letter to the Management and the Management’s response;
- (b) monitor and review the implementation of the auditor’s recommendations for the internal control weaknesses identified in the auditors’ letter to the Management;
- (c) review the quarterly, half-yearly and annual financial statements and balance sheet and profit and loss accounts 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, compliance with accounting standards and compliance with the Listing Manual, the Catalist Rules and any other relevant statutory or regulatory requirements;
- (d) review the risk profile of the Company, its internal control and risk management procedures and the appropriate steps to be taken to address and manage risks at acceptable levels determined by the Board;
- (e) ensure co-ordination between the external and internal auditors and the Management, and review the assistance given by the Management to the auditors, and discuss 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);
- (f) review and discuss 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 operating results or financial position, and the Management’s response;
- (g) consider the appointment, remuneration, terms of engagement or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;
- (h) review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (i) review potential conflicts of interest (if any);
- (j) evaluate the independence of the external auditors;
- (k) review the adequacy of the internal audit function and ensure that a clear reporting structure is in place between the ARC and the internal auditors;
- (l) review the hedging carried out by the Company and review and approve the hedging policies which have been implemented by the Company;
- (m) review procedures and policies of the Company for the purposes of internal accounting controls;
- (n) review arrangements by which the Company’s staff may, in confidence, raise concerns about possible impropriety in matters of financial reporting and other matters and the adequacy of procedures for independent investigation and appropriate follow-up action in response to such complaints;
- (o) review the effectiveness of the proposed safeguards on a regular basis to prevent future breaches of the relevant rules and regulation by the Group;
- (p) in relation to risk assessment;
  - (i) keep under review the Group’s overall risk assessment processes that inform the Board’s decision making;
  - (ii) review regularly the effectiveness of the risk management policies adopted by the Group;
  - (iii) review regularly and approve the parameters used in these measures and the methodology adopted;
  - (iv) set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
  - (v) review reports on any material breaches of risk limits and adequacy of proposed action;
  - (vi) oversee the scope and nature of work undertaken by the risk committee formed by the management team and considering the adequacy and effectiveness of resources; and
  - (vii) review all relevant risk reports on the Group;
- (q) monitor and review the regulatory developments, and review plans to mitigate risks which may affect the business of the Group;
- (r) monitor and review the use of the net proceeds from the Company’s initial public offering;

- (s) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC; and
- (t) generally undertake such other functions and duties as may be required by statute, the Catalist Rules, or by such amendments as may be made thereto from time to time.

**Nominating Committee comprises:-**

Lam Shiao Ning	(Chairman, Independent)
Foong Daw Ching	(Member, Independent)
Chan Heng Toong	(Member, Independent)

The responsibilities of the NC, based on the written terms of reference, are as follows:-

- (a) reviewing and recommending the nomination or re-nomination of the Directors having regard to each Director's contribution and performance;
- (b) determining the composition of the Board, taking into account the future requirements of the Company, the need for diversity in regard to the Board composition and other considerations such as those set out in Guideline 2.6 of the Code;
- (c) determining annually, and as and when circumstance require, whether or not a Director is independent;
- (d) deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director;
- (e) assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board;
- (f) reviewing and approving any new employment of related persons and the proposed terms of their employment;
- (g) reviewing the training and professional development programmes for the Board;
- (h) reviewing the succession plans for the Executive Directors and key management personnel;
- (i) in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple Boards and discharging his duties towards other principal commitment; and
- (j) undertake such other functions and duties as may be required by statute of the Act, the Catalist Rules and the Code, or by such amendments as may be made thereto from time to time.

Each member of the NC shall abstain from voting on any resolutions in respect of his re-nomination as Director.

**Remuneration Committee comprises:-**

Chan Heng Toong	(Chairman, Independent)
Foong Daw Ching	(Member, Independent)
Lam Shiao Ning	(Member, Independent)

The functions of the RC are as follows:-

- (a) review and recommend to the Board a general framework of remuneration for the Board, and the specific framework of remuneration packages for each Director, CEO (if CEO is not a Director) and key management personnel, and submit such recommendations for endorsement by the entire Board;

- (b) function as the committee referred to in the 2018 ayondo ESOS and shall have all the powers as set out in the 2018 ayondo ESOS.
- (c) review all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind. As part of its review, the RC shall take into consideration the following factors:
- (i) the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Directors' and key management personnel's performance. A significant and appropriate proportion of Executive Directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance.
  - (ii) the remuneration packages of employees related to Executive Directors, CEO (if CEO is not a Director) and substantial or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.
  - (iii) the level and structure of remuneration should be aligned with the long-term interests and risk policies of the Company and Guidelines 8.1 to 8.4 of the Code.
  - (iv) the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.
- (d) undertake such other functions and duties as may be required by statute of the Act, the Catalist Rules and the Code, or by such amendments as may be made thereto from time to time.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of each individual Director and key management personnel of the Group. The recommendations of the RC are submitted for endorsement by the Board. Each member of the RC shall abstain from voting on any resolution in respect of his or her own remuneration package.

**TABLE B**

Name of Director	Board of Directors Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings		Nominating Committee Meetings	
	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Thomas Winkler	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Robert Lempka*	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Foo Fatt Kah	4	4	3	3	N/A	N/A	N/A	N/A
Foong Daw Ching	4	4	3	3	1	1	1	1
Chan Heng Toong	4	4	3	3	1	1	1	1
Lam Shiao Ning	4	3	3	3	1	1	1	1

**Notes:**

N/A Not applicable as he or she is not a member of the respective Board Committees.

\* Mr Robert Lempka has ceased to be the Executive Director and CEO of the Company on 22 January 2019.

## TABLE C

Mr Thomas Winkler, Dr Foo Fatt Kah, Mr Foong Daw Ching and Ms Lam Shiao Ning are the Directors seeking re-election at the forthcoming annual general meeting of the Company under Ordinary Resolution Nos. 2 to 5 as set out in the Notice of AGM dated 13 June 2019 (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Catalist Rule 720(5), the information on the Retiring Directors as set out in Appendix 7F to the Catalist Rules is set out below:

Name of Directors	Thomas Winkler	Foo Fatt Kah	Foong Daw Ching	Lam Shiao Ning
Date of Appointment	22 February 2018	4 October 2017	22 February 2018	22 February 2018
Date of last re-appointment	Not applicable	Not applicable	Not applicable	Not applicable
Age	56	59	68	46
Country of principal residence	Switzerland	Singapore	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the NC and assessed Mr Thomas Winkler’s overall contributions and performance, is of the view that he is suitable for re-appointment as Non-Executive Chairman of the Company.	The Board, having considered the recommendation of the NC and assessed Dr Foo Fatt Kah’s overall contributions and performance, is of the view that he is suitable for re-appointment as Non-Executive Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Foong Daw Ching’s overall contributions and performance, is of the view that he is suitable for re-appointment as Lead Independent Director of the Company.	The Board, having considered the recommendation of the NC and assessed Ms Lam Shiao Ning’s overall contributions and performance, is of the view that she is suitable for re-appointment as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman	Non-Executive Director  Audit and Risk Committee Member	Lead Independent Director  Audit and Risk Committee Chairman  Nominating Committee Member  Remuneration Committee	Independent Director  Nominating Committee Chairman  Audit and Risk Committee Member  Remuneration Committee Member



Name of Directors	Thomas Winkler	Foo Fatt Kah	Foong Daw Ching	Lam Shiao Ning
			Member	
Professional qualifications (if any)	<p>SFA Futures and Options Representative Certificate (London)</p> <p>Series 7 Certificate (London)</p> <p>SFA Certificate General Securities Rep, (London)</p> <p>Swiss Certificate of Competence</p>	Nil	<p>Institute of Chartered Accountants in England &amp; Wales</p> <p>The Institute of Singapore Chartered Accountants</p> <p>Certified Practising Accountants (CPA) Australia</p> <p>Malaysian Institute of Accountants</p>	<p>Advocate and Solicitor of the Supreme Court of Singapore</p> <p>Barrister-At-Law (Inner Temple), England &amp; Wales</p> <p>Diploma in Financial Management (ACCA)</p>
Any relationship (including immediate family relationship) 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	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Working experience and occupation(s) during the past 10 years	<p>August 2018 – present: Non-Executive Chairman, ayondo Ltd.</p> <p>February 2018 – August 2018: Executive Chairman, ayondo Ltd.</p> <p>January 2009 – present: Founder and Chairman, ayondo Holding AG</p> <p>September 2007</p>	<p>2008 – present: Managing Director &amp; Co-founder, Luminor Capital Pte. Ltd.</p> <p>2003 – 2012: Venture Partner, Aravis Ventures</p>	<p>March 2010 – October 2016: Senior Partner, Baker Tilly TFW LLP</p> <p>1985 – February 2010: Managing Partner, Baker Tilly TFW LLP</p>	<p>March 2016 – present: Partner, Oon &amp; Bazul LLP</p> <p>2015 – present: Adjunct Lecturer, Singapore Management University – Law Faculty</p> <p>2005 – present: Senior Teaching Fellow, Singapore Institute of Legal Education,</p>

Name of Directors	Thomas Winkler	Foo Fatt Kah	Foong Daw Ching	Lam Shiao Ning
	<p>– present: Chairman, Global Money Ventures AG</p> <p>February 2007 – present: Chairman, Next Generation Finance Management AG</p> <p>April 2013 – September 2014: Co-Chief Executive Officer and Director, ayondo GmbH</p>			<p>Board of Legal Education</p> <p>June 2007 – February 2016: Director, Drew &amp; Napier LLC</p>
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	Yes	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	<p>Direct Interest: 2,296,517 ordinary shares.</p> <p>Deemed Interest: Mr Winkler is deemed to be interested in the 423,360 ordinary shares held by his spouse, Mrs Astrid Winkler and by virtue of Section 4 of the SFA and Section 7 of the Companies Act, Mr Winkler is deemed to be interested in the ordinary shares held by the following companies:</p> <p>(i) 17,535,420 ordinary shares held by Global</p>	<p>Direct Interest: 6,688,057 ordinary shares.</p> <p>Deemed Interest: Dr Foo is a director and shareholder of Luminor Capital Pte. Ltd., the fund manager of Luminor Pacific Fund 1 Ltd. and Luminor Pacific Fund 2 Ltd. (collectively, “Luminor Funds”) which manages Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Dr Foo is deemed interested in the 101,174,765</p>	Direct Interest: 150,000 ordinary shares	Direct Interest: 100,000 ordinary shares

Name of Directors	Thomas Winkler	Foo Fatt Kah	Foong Daw Ching	Lam Shiao Ning
	<p>Money Ventures AG;</p> <p>(ii) 4,811,184 ordinary shares held by Next Generation Finance Management AG; and</p> <p>(iii) 3,788,100 ordinary shares held by Baltische Bauentwicklungsgesellschaft mbH.</p>	<p>ordinary shares of the Company held by Luminor Funds.</p>		
<b>Other Principal Commitments including Directorships</b>				
<p>Past (for the last 5 years)</p>	<p>Directorships:</p> <p>ayondo Asia Pte. Ltd.</p> <p>ayondo GmbH</p> <p>ayondo Markets Limited</p> <p>Bluevalor AG</p> <p>Next Generation Finance Distribution AG*</p> <p>Sycap Group (UK) Limited</p> <p>*This company has been struck off.</p> <p>Other Principal Commitments:</p> <p>None</p>	<p>Directorships:</p> <p>CellTwo Inc Pte. Ltd.*</p> <p>Luminor Capital (Beijing) Co., Ltd.*</p> <p>Luminor Capital Australia Pty Ltd</p> <p>Myanmar Carlsberg Co., Ltd.</p> <p>*This company has been struck off.</p> <p>Other Principal Commitments:</p> <p>None</p>	<p>Directorships:</p> <p>Baker Tilly International Limited (UK)</p> <p>Jurong Health Services Pte. Ltd.</p> <p>Medi-Flex Pte. Ltd.</p> <p>St Luke's Eldercare Ltd.</p> <p>St Luke's Hospital Ltd.</p> <p>Other Principal Commitments:</p> <p>None</p>	<p>Directorships:</p> <p>Drew &amp; Napier LLC</p> <p>Other Principal Commitments:</p> <p>None</p>

Name of Directors	Thomas Winkler	Foo Fatt Kah	Foong Daw Ching	Lam Shiao Ning
Present	<p>Directorships:</p> <p>ayondo Holding AG</p> <p>Global Money Ventures AG</p> <p>Next Generation Finance Management AG</p> <p>Hyperliquid Holding AG</p> <p>Other Principal Commitments:</p> <p>None</p>	<p>Directorships:</p> <p>Accentvest Sdn Bhd</p> <p>Amira Properties Sdn Bhd</p> <p>Anchor Resources Limited</p> <p>Luminor Capital Pte. Ltd.</p> <p>Luminor Harbour Fund 1 Pte. Ltd.</p> <p>Luminor Pacific Fund 1 Ltd.</p> <p>Luminor Pacific Fund 2 Ltd.</p> <p>Maida Vale Associates Pte. Ltd.</p> <p>Multiple Lodge Sdn. Bhd.</p> <p>PEC Ltd.</p> <p>King Wai Group Pte. Ltd.</p> <p>Variscan Mines Ltd.</p> <p>Other Principal Commitments:</p> <p>None</p>	<p>Directorships:</p> <p>Church of Singapore</p> <p>NUHS Fund Limited</p> <p>NUH Health Research Endowment Fund Board</p> <p>St Luke's Hospital</p> <p>St Luke's Eldercare Ltd.</p> <p>Starland Holdings Limited</p> <p>Suntar Eco-City Limited</p> <p>Travelite Holdings Ltd.</p> <p>Tung Ling Student Care Centre</p> <p>Tung Ling Community Services</p> <p>Other Principal Commitments:</p> <p>None</p>	<p>Directorships:</p> <p>TH Chia Medical Practice Pte. Ltd</p> <p>Other Principal Commitments:</p> <p>Singapore Management University – Law Faculty, Adjunct Lecturer</p> <p>Singapore Institute of Legal</p>

Name of Directors	Thomas Winkler	Foo Fatt Kah	Foong Daw Ching	Lam Shiao Ning
				Education, Board of Legal Education – Senior Teaching Fellow
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>				
(a) Whether at any time during the last 10 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 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 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 2 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
(c) Whether there is any unsatisfied judgment against him?	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	No	No	No	No

Name of Directors	Thomas Winkler	Foo Fatt Kah	Foong Daw Ching	Lam Shiao Ning
purpose?				
(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
(f) Whether at any time during the last 10 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
(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
(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
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or	No	No	No	No

Name of Directors	Thomas Winkler	Foo Fatt Kah	Foong Daw Ching	Lam Shiao Ning
temporarily enjoining him from engaging in any type of business practice or activity?				
(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;	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;	No	No	No	No
(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
(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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No
(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	No	No	No	No

Name of Directors	Thomas Winkler	Foo Fatt Kah	Foong Daw Ching	Lam Shiao Ning
agency, whether in Singapore or elsewhere?				
<b>Disclosure applicable to the appointment of Director only.</b>				
Any prior experience as a director of an issuer listed on the Exchange?  If Yes, Please provide details of prior experience	Not applicable			
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable			

#### TABLE D

The tables below show the remuneration bands (which includes benefits-in-kind and bonuses) of the Directors and the key management personnel of the Group, who are not directors, as well as the approximate percentage breakdown of the remuneration during FY2018.

##### (a) Remuneration of Directors of the Company

Name of Director	Salary (%)	Bonus (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
<b>Above S\$500,000</b>					
Robert Lempka <sup>(1)</sup>	57.4	36.7 <sup>(3)</sup>	-	5.8	100
<b>Up to S\$250,000</b>					
Thomas Winkler <sup>(2)</sup>	86.1	-	9.5	4.4	100
Foo Fatt Kah	-	-	100	-	100
Foong Daw Ching	-	-	100	-	100
Chan Heng Toong	-	-	100	-	100
Lam Shiao Ning	-	-	100	-	100

##### Note:

- (1) Mr Robert Lempka has ceased to be the Executive Director and CEO of the Company on 22 January 2019.
- (2) Mr Thomas Winkler was re-designated from Executive Chairman to Non-Executive Chairman of the Company on 1 August 2018.
- (3) Based on the performance bonus awarded to Mr Robert Lempka for FY2018, pursuant to the fee schedule (including performance bonus award) for eligible employees of the Group in recognition of their efforts and contributions during the initial public offering of the Company, as recommended by the RC and approved by the Board in April 2018, following the listing of the Company on the Catalist on 26 March 2018. As set out in paragraph 8.4 of the Corporate Governance Report, Mr Robert Lempka has not received any Profit Sharing Bonus under his service agreement with the Company.

The above remuneration for FY2018 has been pro-rated according to the period commencing from the date of listing of the Company on the Catalist, i.e. 26 March 2018, to 31 December 2018, or the date of appointment (as may be applicable).



**(b) Remuneration of Key Management Personnel**

Name of Key Management Personnel	Salary (%)	Bonus <sup>(5)</sup> (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
<b>S\$250,001 to S\$500,000</b>					
Edward Charles Drake	84.9	15.1	-	-	100
Angela Sadler	88	12	-	-	100
<b>Up to S\$250,000</b>					
Sarah Brylewski <sup>(1)</sup>	87.5	12.5	-	-	100
Richard Stephen Fulton <sup>(2)</sup>	84.5	15.8	-	-	100
Sean Downey <sup>(3)</sup>	100	-	-	-	100
Raza Martinez Perez	87.1	12.9	-	-	100
Mita Natarajan <sup>(4)</sup>	100	-	-	-	100

**Notes:**

- (1) Ms Sarah Brylewski has ceased to be the Chief Marketing Officer of the Company on 16 March 2019.
- (2) Mr Richard Stephen Fulton has ceased to be the Chief Financial Officer of the Company on 20 July 2018.
- (3) Mr Sean Downey was appointed as Chief Financial Officer of the Company on 20 July 2018.
- (4) Ms Mita Natarajan was appointed as Chief Business Development Officer of the Company on 1 June 2018.
- (5) Performance bonus awarded pursuant to the fee schedule (including performance bonus award) for eligible employees of the Group in recognition of their efforts and contributions during the initial public offering of the Company, as recommended by the RC and approved by the Board in April 2018, following the listing of the Company on the Catalist on 26 March 2018.

The above remuneration for FY2018 has been pro-rated according to their date of appointment or date of cessation (where applicable).

The aggregate annual remuneration accrued to the abovementioned seven (7) key management personnel of the Company (who are not Directors or the CEO) for FY2018 is S\$1,638,515.10.

The Company has not disclosed the exact details of the remuneration of each individual Director and key management personnel in dollar terms given the sensitivity of remuneration matters and competitive reasons. It is important for the Company to retain talent for the long-term interests of the Company and ensure stability and continuity of business operations with a competent management team in place. Such disclosure of remuneration of each Director and key management personnel in a highly competitive market for talents may potentially result in staff movement.

There were no terminations, retirement or post-employment benefits granted to Directors and key management personnel in FY2018.

No share options were issued under the 2018 ayondo ESOS during FY2018. Please refer to the disclosure under Guideline 9.5 for more details.

**(c) Remuneration of employee related to Director or CEO**

There was no employee of the Group who is an immediate family member of any Director or the then Executive Director and CEO whose remuneration exceeds S\$50,000 in FY2018.

## **ayondo Ltd. and its Subsidiaries**

### **Directors' statement**

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The directors present their statement to the members together with the audited consolidated financial statements of ayondo Ltd. (the "Company") and its subsidiary companies (collectively the "Group") for the year ended 31 December 2018.

#### **Opinion of the directors**

In the opinion of the directors

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company 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 year ended on that date; and
- (ii) at the date of this statement, for the reasons explained in Note 2.4 to the financial statements, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

#### **Directors**

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

Thomas Winkler  
Foo Fatt Kah  
Foong Daw Ching  
Chan Heng Toong  
Lam Shiao Ning

#### **Arrangements to enable directors to acquire shares and debentures**

Neither at the end or nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, except as described in the following paragraph entitled "Share Options" below.

#### **Directors' interest in shares and debentures**

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

## ayondo Ltd. and its Subsidiaries

### Directors' statement

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#### Directors' interest in shares and debentures (cont'd)

Name of director	Direct interest		Deemed interest	
	At the date of appointment	At the end of financial year	At the date of appointment	At the end of financial year
<b>Ordinary shares of the Company</b>				
Thomas Winkler	–	2,296,517	–	26,558,064 <sup>(1)</sup>
Foo Fatt Kah	1	6,688,057	–	101,174,765 <sup>(2)</sup>
Foong Daw Ching	–	150,000	–	–
Chan Heng Toong	–	1,000,000	–	–
Lam Shiao Ning	–	100,000	–	–

#### Notes:

- (1) Thomas Winkler, is deemed to be interested in the 423,360 Shares held by his spouse, Astrid Winkler and by virtue of Section 4 of the SFA and Section 7 of the Companies Act, Thomas Winkler is deemed to be interested in the Shares held by the following companies:
- (i) 17,535,420 ordinary shares held by Global Money Ventures AG;
  - (ii) 4,811,184 ordinary shares held by Next Generation Finance Management AG; and
  - (iii) 3,788,100 ordinary shares held by Baltische Bauentwicklungsgesellschaft mbH.
- (2) Foo Fatt Kah, is a director and shareholder of Luminor Capital Pte. Ltd., the fund manager of Luminor Funds (as defined below) which manages Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Foo Fatt Kah is deemed interested in the 56,660,756 Shares of the Company held by Luminor Pacific Fund 1 Ltd. and 44,514,009 Shares of the Company held by Luminor Pacific Fund 2 Ltd.

The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

#### Share Options

In conjunction with the Company's listing on the Catalist Board of Singapore Exchange Securities Trading Limited, on 12 March 2018, the Company has granted 51,445,800 options to replace all the options granted by ayondo Holding AG, a 99.97% subsidiary of the Company, to employees, directors and consultants of ayondo Holding AG and its subsidiaries and certain third parties to purchase shares in ayondo Holding AG ("**Pre-IPO Options**").

There were no shares issued during the financial year by virtue of the exercise of the Pre-IPO Options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company of its subsidiaries under the Pre-IPO Options at the end of the financial year.

#### *ayondo Employee Share Option Scheme*

In conjunction with the Company's listing on the Catalist Board of Singapore Exchange Securities Trading Limited, the Company has adopted the ayondo Employee Share Option Scheme (the "**ESOS**") which was approved by members of the Company on 23 February 2018.

The ESOS is administered by the Remuneration Committee of the company, comprising Mr Chan Heng Toong, Mr Foong Daw Ching and Ms Lam Shiao Ning.

No share options have been awarded pursuant to the ESOS during the financial year.

## ayondo Ltd. and its Subsidiaries

### Directors' statement

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#### Share Options (cont'd)

Details of all the options to subscribe for ordinary shares of the Company pursuant to the above share option schemes outstanding as at 31 December 2018 are as follows: -

Expiry date	Exercise price (SGD)	Number of options
9 December 2024	0.215	5,491,800
31 December 2024	0.215	22,842,000
	0.251	810,000
	0.259	3,861,000
30 March 2025	0.215	5,535,000
10 February 2026	0.003	540,000
31 March 2026	0.003	891,000
	0.251	2,700,000
02 August 2026	0.259	3,321,000
10 August 2026	0.251	540,000
15 August 2026	0.259	486,000
		<hr/>
		47,017,800
		<hr/>

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company are as follows:

Name of the director	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial years	Aggregate options exercised since commencement of plan to end of financial year	Aggregate options outstanding as at end of financial year
Thomas Winkler	–	9,244,800	–	9,244,800
Robert Lempka	–	10,864,800	–	10,864,800
	–	20,109,600	–	20,109,600
		<hr/>		<hr/>

## ayondo Ltd. and its Subsidiaries

### Directors' statement

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#### Share Options(cont'd)

Since the commencement of the share option plans till the end of the financial year:-

- No options have been granted to the controlling shareholders of the Company and their associates.
- No options that entitle the holder to participate, by virtue of the options, in any shares issue of any other corporation have been granted.
- Other than the above two directors, the following employees have received 5% or more of the total options outstanding under the plans

Name of the employees	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial years	Aggregate options exercised since commencement of plan to end of financial year	Aggregate options lapsed during financial year	Aggregate options outstanding as at end of financial year
Edward Drake	–	3,780,000	–	–	3,780,000
Sarah Brylewski	–	4,455,000	–	–	4,455,000
Raza Perez	–	3,591,000	–	–	3,591,000
Rick Fulton	–	3,780,000	–	(3,780,000)	–
	–	15,606,000	–	(3,780,000)	11,826,000

#### Audit committee

The members of the Audit Committee at the date of this statement are as follows:

Foong Daw Ching	Chairman, Independent Non-executive Director
Foo Fatt Kah	Non-independent Non-executive Director
Lam Shiao Ning	Independent Non-executive Director
Chan Heng Toong	Independent Non-executive Director

The Audit Committee reviews the Group's statutory financial statements, and the Independent Auditor's Report thereon, with the auditor.

The Audit Committee may examine any aspect of the Group's financial affairs it deems appropriate and also reviews the Group's internal controls over its internal and external exposures to risks including operational, credit, market, legal and regulatory risks. It will keep under review the Group's system of accounting and internal financial controls, for which the Directors are responsible.

The Audit Committee has full access to, and the co-operation of the Group's management and has full discretion to invite any Director or executive officer to its meetings. The auditor will have unrestricted access to the Audit Committee. The Audit Committee has reasonable resources available to enable it to discharge its functions properly and may require the Company to appoint third parties to undertake independent audits of specific area as it deems appropriate.

**ayondo Ltd. and its Subsidiaries**

**Directors' statement**

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**Auditor**

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

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Foo Fatt Kah  
Director

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Thomas Winkler  
Director

24 May 2019

## ayondo Ltd. and its Subsidiaries

### Independent Auditor's Report For the year ended 31 December 2018

#### Independent Auditor's Report to the members of ayondo Ltd

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#### Report on the audit of the financial statements

##### Disclaimer of Opinion

We were engaged to audit the financial statements of ayondo Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet and the statement of changes in equity of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

##### Basis for Disclaimer of Opinion

###### 1) Going concern assumption

The Group's current liabilities and total liabilities exceeded its current assets and total assets by CHF8,258,000 and CHF8,279,000 respectively as at 31 December 2018. As at that date the Group's client funds liabilities amounted to CHF34,529,000 (Note 16) and the Group's segregated client fund asset, cash and bank balances and amount due from brokers amounted to CHF32,255,000 (Note 12 and 14). For the financial year ended 31 December 2018, the Group incurred a net loss of CHF50,239,000 and had an operating cash outflow of CHF5,953,000. Additionally, the Company's current liabilities and total liabilities exceeded its current assets and total assets by CHF2,892,000 and CHF 2,892,000 respectively as at 31 December 2018.

As disclosed in Note 2.4 to the financial statements, the directors have prepared these financial statements on a going concern basis as they are of the view that the Group will be able to successfully dispose its 99.91% owned indirect UK subsidiary and complete its restructuring exercise and fund-raising plans. However, we are unable to obtain sufficient appropriate evidence to conclude whether the use of the going concern assumption to prepare these financial statements is appropriate as the outcome of the disposal of the indirect UK subsidiary, restructuring exercise and fund-raising plans is subject to fulfilling certain conditions precedent and approvals, and is inherently uncertain.

If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying value of assets and liabilities may be materially different from that currently recorded in the balance sheet. If the Group and Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and Company may have to reclassify its non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to these financial statements.

## ayondo Ltd. and its Subsidiaries

### Independent Auditor's Report For the year ended 31 December 2018

#### Independent Auditor's Report to the members of ayondo Ltd

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#### Basis for Disclaimer of Opinion (cont'd)

##### 2) Information technology ("IT") platform costs

As disclosed in Notes 8 and 15 to the financial statements, the Group engaged an external IT consultancy company to provide both research and development services. CHF832,000 incurred by the external IT consultancy company has been capitalised as IT development cost while the remaining CHF448,000 has been recorded as research expense in the income statement. We are unable to ascertain the appropriateness of the split between research expense and development cost. The Group has recorded amortisation charge of CHF71,000 on the capitalised intangible assets and the remaining CHF761,000 has been fully impaired as at 31 December 2018.

Due to limited information available to us, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the appropriateness of CHF832,000 capitalised as intangible assets and consequently the amortisation charge of CHF71,000, impairment expense of CHF761,000 as well as research expense of CHF448,000 recorded during the year. Accordingly, we are unable to ascertain the appropriateness of the classification and presentation of these items in profit or loss and cash flow statements.

#### 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 the International Financial Reporting Standards as issued by the IASB ("IFRS") and Singapore Financial Reporting Standards (International) ("SFRS(I)") in Singapore, 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.



**ayondo Ltd. and its Subsidiaries**

**Independent Auditor's Report  
For the year ended 31 December 2018**

**Independent Auditor's Report to the members of ayondo Ltd**

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**Responsibilities of Auditor for the Audit of the Financial Statements**

Our responsibility is to conduct the audit of the Group and Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis of Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 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.

**Report on Other Legal and Regulatory Requirements**

In our opinion, in view of the significance of the matters referred to in the Basis of Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore 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 Chan Yew Kiang.

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Ernst & Young LLP

Public Accountants and  
Chartered Accountants  
Singapore

24 May 2019

ayondo Ltd. and its Subsidiaries

**Consolidated Statement of Comprehensive Income  
For the year ended 31 December 2018**

		<b>Group</b>	
	<b>Note</b>	<b>2018</b> CHF'000	<b>2017</b> CHF'000
Trading revenue	4	20,801	20,755
Client bonuses	4	(2,231)	–
Net trading revenue	4	18,570	20,755
Fees, rebates, client bonuses and betting duty tax	5	(10,274)	(10,820)
<b>Net operating income</b>		<b>8,296</b>	<b>9,935</b>
Other income		40	165
Staff expenses	6	(6,263)	(7,066)
Marketing expenses	7	(1,916)	(2,705)
Initial public offering/reverse-takeover expenses		(772)	(2,472)
Impairment of assets	8	(37,102)	–
Other operating expenses		(10,125)	(5,466)
<b>Total operating expenses</b>		<b>(56,138)</b>	<b>(17,544)</b>
<b>Operating loss</b>		<b>(47,842)</b>	<b>(7,609)</b>
Finance income		2	1
Finance costs		(2,973)	(2,809)
<b>Loss before tax</b>	8	<b>(50,813)</b>	<b>(10,417)</b>
Income tax credit	9	574	657
<b>Loss for the year, net of tax</b>		<b>(50,239)</b>	<b>(9,760)</b>
<b>Loss for the year, net of tax, attributable to:</b>			
Equity holders of the Company		(50,218)	(9,750)
Non-controlling interests		(21)	(10)
		<b>(50,239)</b>	<b>(9,760)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(106)	(1,738)
<i>Items that may not be reclassified to profit or loss</i>			
Actuarial gains on defined benefit plans		143	9
<b>Total comprehensive income for the year, net of tax</b>		<b>(50,202)</b>	<b>(11,489)</b>
<b>Total comprehensive income, attributable to:</b>			
Equity holders of the Company		(50,180)	(11,478)
Non-controlling interests		(22)	(11)
		<b>(50,202)</b>	<b>(11,489)</b>
<b>Loss per share attributable to equity holders of the Company</b>			
- basic	23	(0.10)	(0.02)
- diluted	23	(0.10)	(0.02)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

ayondo Ltd. and its Subsidiaries

Statement of Financial Position  
As at 31 December 2018

		Group		Company 04.10.2017 (Date of incorporation) to 31.12.2017	
	Note	2018 CHF'000	2017 CHF'000	2018 CHF'000	CHF'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		59	119	–	–
Intangible assets	15	19	36,477	–	–
<b>Total non-current assets</b>		<b>78</b>	<b>36,596</b>	<b>–</b>	<b>–</b>
<b>Current assets</b>					
Trade and other receivables	12	32,129	51,569	26	–
Cryptocurrency asset		291	–	–	–
Derivative financial instruments	13	42	170	–	–
Cash and bank balances	14	1,594	929	4	–*
Investment securities	10	–	932	–	–
<b>Total current assets</b>		<b>34,056</b>	<b>53,600</b>	<b>30</b>	<b>–*</b>
<b>Total assets</b>		<b>34,134</b>	<b>90,196</b>	<b>30</b>	<b>–*</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Convertible bonds	20	–	13,593	–	–
Trade and other payables	16	40,021	55,895	2,922	–
Loans from related parties	17	291	1,933	–	–
Derivative financial instruments	13	1,940	9,055	–	–
Bank overdraft	14	62	47	–	–
<b>Total current liabilities</b>		<b>42,314</b>	<b>80,523</b>	<b>2,922</b>	<b>–</b>
<b>Non-current liabilities</b>					
Employee benefit liabilities	22	99	797	–	–
<b>Total non-current liabilities</b>		<b>99</b>	<b>797</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>		<b>42,413</b>	<b>81,320</b>	<b>2,922</b>	<b>–</b>

ayondo Ltd. and its Subsidiaries

Statement of Financial Position (cont'd)  
As at 31 December 2018

		Group		Company	
	Note	2018 CHF'000	2017 CHF'000	2018 CHF'000	04.10.2017 (Date of incorporation) to 31.12.2017 CHF'000
<b>Equity</b>					
<i>Equity attributable to owners of the Company:</i>					
Share capital	18	32,450	50,006	32,450	—*
Merger reserve	18	50,536	—	—	—
Other reserves	19	(762)	(1,028)	2,988	—
Accumulated losses		(90,458)	(40,079)	(38,330)	—
		(8,234)	8,899	(2,892)	—*
Non-controlling interests		(45)	(23)	—	—
<b>Total equity</b>		<b>(8,279)</b>	<b>8,876</b>	<b>(2,892)</b>	<b>—*</b>
<b>Total liabilities and equity</b>		<b>34,134</b>	<b>90,196</b>	<b>30</b>	<b>—*</b>

\* Less than CHF 1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

ayondo Ltd and its Subsidiaries

Consolidated Statements of Changes in Equity  
For the year ended 31 December 2018

Group	Share capital CHF'000	Merger Reserve <sup>(1)</sup> CHF'000	Foreign currency translation reserve CHF'000	Employee share option reserve CHF'000	Gain on reissuance of treasury shares CHF'000	Premium paid on acquisition of non-controlling interest CHF'000	Accumulated losses CHF'000	Total CHF'000	Non- controlling interests CHF'000	Total CHF'000
At 1 January 2018	50,006	-	(491)	2,524	92	(3,153)	(40,079)	8,899	(23)	8,876
Effect of adoption of IFRS9 <sup>(2)</sup>	-	-	-	-	-	-	(304)	(304)	-	(304)
At 1 January 2018 (as restated)	50,006	-	(491)	2,524	92	(3,153)	(40,383)	8,595	(23)	8,572
Loss for year	-	-	-	-	-	-	(50,218)	(50,218)	(21)	(50,239)
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-
Actuarial gains on measurement of post-employment benefit plan, net of tax	-	-	-	-	-	-	143	143	-	143
Foreign currency translation	-	-	(106)	-	-	-	-	(106)	(1)	(107)
Other comprehensive loss for the year	-	-	(106)	-	-	-	143	37	(1)	36
Contributions by and distributions to owners										
Merger reserve arising from restructuring	(50,006)	50,098	-	-	(92)	-	-	-	-	-
Share swap pursuant to restructuring	12,314	(12,314)	-	-	-	-	-	-	-	-
Capital contribution	-	12,752	-	-	-	-	-	12,752	-	12,752
Conversion of debt instruments	3,161	-	-	-	-	-	-	3,161	-	3,161
Issuance of shares pursuant to the reimbursement of acquisition expense to Starland Holdings Limited	822	-	-	-	-	-	-	822	-	822
Issuance of shares pursuant to IPO	14,715	-	-	-	-	-	-	14,715	-	14,715
Issuance of shares to sponsor	464	-	-	-	-	-	-	464	-	464
Issue of adjustment shares to CB conversion	1,869	-	-	-	-	-	-	1,869	-	1,869
Capitalised IPO costs	(895)	-	-	-	-	-	-	(895)	-	(895)
Modification of share option scheme	-	-	-	398	-	-	-	398	-	398
Grant of share options to employees	-	-	-	66	-	-	-	66	-	66
Contributions by and distributions to owners	(17,556)	50,536	-	464	(92)	-	-	33,352	-	33,352
<b>At 31 December 2018</b>	<b>32,450</b>	<b>50,536</b>	<b>(597)</b>	<b>2,988</b>	<b>-</b>	<b>(3,153)</b>	<b>(90,458)</b>	<b>(8,234)</b>	<b>(45)</b>	<b>(8,279)</b>

Notes:

- (1) The merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under common control are accounted for by applying the pooling of interest method.  
(2) This relates to fair value adjustment of the Group's investment securities upon adoption of IFRS 9.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

ayondo Ltd and its Subsidiaries

Consolidated Statements of Changes in Equity  
For the year ended 31 December 2018

Group	Attributable to equity holders of the Company									
	Share capital CHF'000	Foreign currency translation reserve CHF'000	Equity component of convertible bonds CHF'000	Employee share option reserve CHF'000	Gain on reissuance of treasury shares CHF'000	Premium paid on acquisition of non-controlling interest CHF'000	Accumulated losses CHF'000	Total CHF'000	Non- controlling interests CHF'000	Total CHF'000
At 1 January 2017	45,251	1,246	4,563	2,004	92	(3,153)	(30,338)	19,665	(12)	19,653
Loss for the year	-	-	-	-	-	-	(9,750)	(9,750)	(10)	(9,760)
<u>Other comprehensive income</u>										
Actuarial gains on measurement of post-employment benefit plan, net of tax	-	-	-	-	-	-	9	9	-	9
Foreign currency translation	-	(1,737)	-	-	-	-	-	(1,737)	(1)	(1,738)
Other comprehensive income for the year	-	(1,737)	-	-	-	-	9	(1,728)	(1)	(1,729)
<u>Contributions by and distributions to owners</u>										
Conversion of debt instrument	4,755	-	(4,563)	-	-	-	-	192	-	192
Grant of share options to employees	-	-	-	520	-	-	-	520	-	520
Total contributions by and distributions to owners	4,755	-	(4,563)	520	-	-	-	712	-	712
<b>At 31 December 2017</b>	<b>50,006</b>	<b>(491)</b>	<b>-</b>	<b>2,524</b>	<b>92</b>	<b>(3,153)</b>	<b>(40,079)</b>	<b>8,899</b>	<b>(23)</b>	<b>8,876</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**ayondo Ltd and its Subsidiaries**

**Consolidated Statements of Changes in Equity  
For the year ended 31 December 2018**

<b>Company</b>	<b>Share Capital CHF'000</b>	<b>Employee share reserve CHF'000</b>	<b>Retained earnings CHF'000</b>	<b>Total Equity CHF'000</b>
At 4 October 2017 (date of incorporation)	—*	—	—	—*
Profit net of tax, representing total comprehensive income for the financial year	—	—	—	—
At 31 December 2017	—*	—	—	—*
Loss net of tax, representing total comprehensive income for the financial year	—	—	(38,330)	(38,330)
Share swap pursuant to restructuring	12,314	—	—	12,314
Conversion of debt instruments	3,161	—	—	3,161
Issuance of shares pursuant to the reimbursement of acquisition expense to Starland Holdings Limited	822	—	—	822
Issuance of shares pursuant to IPO	14,715	—	—	14,715
Issuance of shares to sponsor	464	—	—	464
Issue of adjustment shares to CB conversion	1,869	—	—	1,869
Capitalised IPO costs	(895)	—	—	(895)
Transfer of employee share option	—	2,524	—	2,524
Modification of employee share option scheme	—	398	—	398
Grant of share options to employee	—	66	—	66
At 31 December 2018	32,450	2,988	(38,330)	(2,892)

\* Less than CHF 1,000

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**ayondo Ltd and its Subsidiaries**

**Consolidated Statement of Cash Flow  
For the year ended 31 December 2018**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	CHF'000	CHF'000
<b>Cash flows from operating activities</b>		
Loss before tax	<b>(50,813)</b>	<b>(10,417)</b>
<u>Adjustments for:</u>		
Gain on disposal of property, plant and equipment	(9)	–
Depreciation of property, plant and equipment	84	85
Amortisation of intangibles	1,180	838
Issuance of adjustment shares for CB conversion	1,869	–
Issuance of shares to sponsor	464	–
Impairment of assets	37,102	–
Employee share based payments	464	520
Changes in fair value of embedded derivatives of convertible bonds	(2,197)	(1,093)
Unrealised (gain)/loss on derivatives	(83)	1,994
Pension costs	(555)	59
Interest income on loans and receivables	(2)	(1)
Finance costs	2,973	2,809
Capitalised IPO costs	(895)	–
Unrealised exchange loss/(gain)	(187)	(1,837)
<b>Operating cash flows before changes in working capital</b>	<b>(10,605)</b>	<b>(7,043)</b>
Decrease/(increase) in trade and other receivables and cryptocurrency asset	19,149	(17,322)
(Decrease)/increase in trade and other payables	(15,052)	19,587
<b>Cash flows used in operations</b>	<b>(6,508)</b>	<b>(4,778)</b>
Interest paid	(1)	(7)
Interest received	2	1
Income tax received	554	422
<b>Net cash flows used in operating activities</b>	<b>(5,953)</b>	<b>(4,362)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(25)	(39)
Capitalisation of internally generated intangibles	(1,729)	(1,929)
Proceeds from disposal of property, plant and equipment	9	–
Proceeds from sale of financial investments	380	–
<b>Net cash used in investing activities</b>	<b>(1,365)</b>	<b>(1,968)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of new shares	14,715	–
Proceeds from short-term loans	–	3,505
Repayment of shareholder's loan	(799)	(117)
Repayment of convertible bonds interest coupon	(1,517)	–
Repayment of convertible bonds	(4,393)	–
<b>Net cash flows generated from financing activities</b>	<b>8,006</b>	<b>3,388</b>
Net increase/(decrease) in cash and cash equivalents	688	(2,942)
Effects of exchange rate changes on cash and cash equivalents	(38)	35
Cash and cash equivalents at the beginning of the year	882	3,789
<b>Cash and cash equivalents at the end of the period (Note 14)</b>	<b>1,532</b>	<b>882</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



**1. Corporate information**

The Company was incorporated as a private limited company domiciled in Singapore on 4 October 2017. On 23 February 2018, the Company was converted into a public company limited by shares and changed its name to ayondo Ltd.

On 26 March 2018, the Company was listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company since incorporation until 31 March 2019 was at 36 Armenian Street, #02-08, Singapore 179934. From 1 April 2019, the registered office of the Company is at 20 Collyer Quay ~01-02 Singapore 049319.

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 11.

**1.1 The Restructuring Exercise**

The Group undertook the following transaction as part of a corporate reorganisation implemented in preparation for its listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") ("the Restructuring Exercise").

Prior to 4 October 2017, ayondo Holding AG had the following subsidiaries:

- Sycap Group (UK) Ltd
- ayondo GmbH
- Social Trading Netzwerk GmbH
- ayondo Asia Pte. Ltd.
- ayondo Markets Ltd
- ayondo Portfolio Management GmbH
- Typhoon Technology Limited

On 4 October 2017, the existing shareholder of ayondo Holding AG incorporated ayondo Ltd. with S\$1 share capital. On 23 February 2018, ayondo Ltd. (the "Company") became the holding company of ayondo Holding AG.

The consolidated financial statements presented for the years ended 31 December 2017 are a continuation of the existing ayondo Holding AG Group, comprising the financial position and the results of the ayondo Holding AG and its subsidiaries.

Pursuant to this, assets, liabilities, reserves, revenue and expense of ayondo Holding AG and its subsidiaries are consolidated at their existing carrying amounts.

For the purpose of the preparation of the consolidated financial statements, the share capital as at 31 December 2017 represents the issued and paid up share capital of ayondo Holding AG.

The above restructuring exercise has been accounted for by applying the pooling of interest method for the purposes of the financial statements for the year ended 31 December 2018. Accordingly, the assets and liabilities of the entities transferred have been included in the Group's balance sheet as of 31 December 2018 at their carrying amounts.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB) and Singapore Financial Reporting Standards (International) (“SFRS(I)”). There is no significant difference between SFRS (I) and IFRS.

### 2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

### 2.3 Functional and presentation currency

These financial statements are presented in Swiss Francs (CHF or SFr) which is the Company’s functional currency. All values in the tables are rounded to the nearest thousand (\$’000), except when otherwise indicated.

### 2.4 Fundamental accounting concept

The Group’s total liabilities exceeded its total assets by CHF8,279,000 (2017: total assets exceeded total liabilities by CHF8,876,000) as at 31 December 2018. The Group’s current liabilities exceeded its current assets by CHF8,258,000 (2017: CHF26,923,000) as at 31 December 2018. For the financial year ended 31 December 2018, the Group incurred a net loss of CHF50,239,000 (2017: CHF9,760,000) and operating cash outflow of CHF 5,953,000 (2017: CHF4,362,000). Additionally, the Company’s current liabilities and total liabilities exceeded its current assets and total assets by CHF2,892,000 (2017: CHF\*) and CHF2,892,000 (2017: CHF\*) respectively as at 31 December 2018.

\*: less than CHF1,000

The financial performance of the Group in the current year, in particular, during the second half of 2018, was negatively impacted by various factors, including (i) regulatory changes relating to product intervention imposed by the European and UK regulators in 2018, (ii) unfavourable trading conditions in the Group’s core CFD markets, particularly during the second quarter period ended 30 June 2018 (“Q2 2018”) and the third quarter period ended 30 September 2018 (“Q3 2018”), and (iii) the Group’s reduced marketing expenditure.

On 1 June 2018, the European Securities and Markets Authority (“ESMA”) announced a series of regulations and restrictions on the provision of contracts for differences (“CFDs”) to retail investors. These measures mainly relate to limiting leverage of CFD products, introducing negative balance protection, closing customer positions if their funds fall to 50% of margin, a ban on firms offering inducements to encourage trading, standard risk warnings about retail investor losses clearly displayed on all websites and the banning of binary options. The measures were effective from 1 August 2018. The Group used to offer client bonuses prior to 1 August 2018 in order to incentivise new clients to open accounts and the limitation of leverages of CFD products have correspondingly reduced the notional trade size executed by clients impacting the Group’s financial performance. Since then, volumes of traded CFD’s have declined significantly across the market as a whole.

**2. Summary of significant accounting policies (cont'd)**

**2.4 Fundamental accounting concept (cont'd)**

During the year, CFD market volatility declined resulting in lower market trading volumes which impacted the Group's performance. Adverse movements in the exchange rates of GBP and EUR vs CHF also led to the Group recording an unfavourable exchange loss. As a result of the continued losses, the Group faced and continues to face working capital deficiency.

The Company owns 99.97% of a Swiss-incorporated entity, ayondo Holding AG which in turn holds 99.91% of an English-incorporated entity, Sycap Group (UK) Limited which wholly owns ayondo Markets Limited ("AML"). AML is regulated by Financial Conduct Authority ("FCA") in the UK and required to maintain a minimum capital adequacy ratio of 13% in 2018. As at 31 December 2018, AML had a regulatory capital shortfall of approximately CHF10,200,000. In view of the financial position of the Group and the Group's inability to fund AML in the immediate term to remedy the regulatory breach, the Group entered into a sales and purchase agreement to dispose AML on 7 May 2019 to a proposed buyer for a consideration of £5,700,001 which comprised the following:

- (i) £1 (one pound) in cash; and
- (ii) £5,700,000, being an amount owing to AML (including all interest accrued and any other amounts payable in connection with the repayment of such indebtedness) from the remaining entities of the Group which is agreed to be applied to discharge the amounts owed by the relevant remaining entities of the Group ("the Proposed Disposal").

AML's business carries high operating costs and is heavily regulated. The Proposed Disposal will significantly reduce the Group's cost base, Group's liabilities and regulatory capital requirements. The Proposed Disposal will also remove volatility to earnings caused by reliance on brokerage income and exposure to market risk.

If the Proposed Disposal is successful, the proposed buyer will inject additional capital into AML to remedy the breach. The Group has informed FCA about the Proposed Disposal and subsequent capital injection by the proposed buyer. FCA has approved the Proposed Disposal application on 8 March 2019.

The completion of the Proposed Disposal is conditional upon the fulfilment of the following conditions precedent within 6 months from the date of the sales and purchase agreement:

- (i) the approval of the shareholders of the Company for the Proposed Disposal being obtained at an Extraordinary General Meeting;
- (ii) the necessary approvals from all regulatory and other authorities, including but not limited to the FCA and the Singapore Stock Exchange.
- (iii) there being no material adverse change prior to the time of completion which has not been waived. A material adverse change means occurrence of any of the following matters:

**2. Summary of significant accounting policies (cont'd)**

**2.4 Fundamental accounting concept (cont'd)**

- (a) any investigation or enforcement action being undertaken by or at the request of the FCA against, or into any affairs or conduct of the subsidiary;
- (b) any steps taken by the FCA to cancel, suspend, vary or impose any requirement or limitation in respect of, or which indicate a material prospect or possibility that the FCA is reasonably likely to cancel, suspend, vary, or impose any requirement or limitation in respect of, (i) the authorization given to the subsidiary; or (ii) the subsidiary's ability to hold or control client money other than, in each case, as a result of any change in laws or regulations;
- (c) any other matter or circumstance which has or is reasonably likely to have a negative monetary impact exceeding £500,000 on the business, operations, assets, financial position, or profits of the subsidiary, excluding in each case, any event, circumstance or change to the extent resulting from:
  - (i) the United Kingdom's withdrawal from the European Union pursuant to Article 50 of the Treaty on European Union (2007);
  - (ii) changes in stock markets, interest rates, exchange rates, commodity prices or other general economic conditions;
  - (iii) changes in conditions generally affecting the business of CFD and stock broking in the United Kingdom and/or the European Union; or
  - (iv) changes in laws, regulations or accounting standards or practices or the enforcement or interpretation thereof; and
- (e) any material suit, investigation, action or other proceeding or claim (including any application for an injunction or other equitable remedy) existing, pending or threatened in writing against the Group before any court or governmental agency which has resulted in or specifically requires the restraint or prohibition of the consummation of the acquisition by the proposed buyer, as contemplated by the SPA; and

**2. Summary of significant accounting policies (cont'd)**

**2.4 Fundamental accounting concept (cont'd)**

- (f) an Insolvency Event occurring in respect of Sycap Group (UK) Ltd and ayondo Ltd. An "Insolvency Event" under the sales and purchase agreement means:
  - (i) any meeting convened, order made, application made, petition presented or resolution passed for (i) the purpose of winding up of the relevant person or for a liquidator or provisional liquidator to be appointed in respect of the relevant person or (ii) the entry into any arrangement, compromise or composition with, or assignment for the benefit of, creditors of the person or any class of them;
  - (ii) the appointment of an administrator in respect of the relevant person or any step towards such appointment (including the issue of any notice of intention to appoint or the making of any application to court to appoint an administrator);
  - (iii) the appointment of a receiver or an administrative receiver in respect of the relevant person or all or any of their assets;
  - (iv) the relevant person being insolvent, or unable to pay its debts within the meaning of section 123 of the UK Insolvency Act 1986, or stopping paying its debts as they fall due;
  - (v) the proposal of any voluntary arrangement under section 1 of the UK Insolvency Act 1986 in respect of the relevant person;
  - (vi) any unsatisfied judgement, order or award being outstanding against the relevant person or any written demand under section 123(1)(a) of the UK Insolvency Act 1986 being made against the relevant person or any distress or execution being levied on, or other process commenced against the relevant person;
  - (vii) any indebtedness of the relevant person being subject to a moratorium;
  - (viii) an Encumbrance becoming enforceable or being enforced over all or substantially all of the assets of the relevant person;
  - (ix) any distress, execution or other process being levied on an asset of the relevant person; or
  - (x) any event analogous to any of the events referred to above occurring in or outside England.

The Proposed Disposal amongst others is subject to the above-mentioned conditions.

Shareholders which hold an aggregate of approximately 55.49% of the total number of issued Shares of the Company, have undertaken to vote in favour of the Proposed Disposal.

**2. Summary of significant accounting policies (cont'd)**

**2.4 Fundamental accounting concept (cont'd)**

As part of the Group's restructuring plan, the Group is actively pursuing with potential investors business opportunities to develop its social trading business, particularly in Asia. As announced on 20 February 2019, the Group had entered into a non-binding strategic alliance terms with Golden Nugget Jinzhuan Limited ("iMaibo"), which offers a cost-efficient social investing platform for Asian and other global CFDs to facilitate investment-related business, via its network of social media influencers and key opinion leaders ("KOLs"), followers of such KOLs, and third-party service and product providers. Together with iMaibo, the Group intends to relaunch its business focused primarily in Asia and social trading and to combine the elements of KOLs and the Group's social trading technology to create new social trading market place with other strategic partners in the region. The overall size of China and the wider Asia Pacific region in comparison with Europe offers more opportunities to the Company. In addition, the CFD market, outside Singapore and Australia where regulations allow for CFD trading, is still in its early stage and is primarily active in offshore foreign exchange trading. The Group sees B2B opportunities to promote social trading to onshore and offshore market participants through software licensing and other partnerships. The Group's historic social trading platform WeTrade will be supplemented by the launch of the next generation software Tradestac, the Group's next generation social trading technology, which will offer greater flexibility in connecting B2B partners and also facilitate the deployment of its technology.

As part of the collaboration, the Group and some strategic business partners are in the midst of exploring various funding options. The Group is planning to raise long term funding through the various funding options. The funding from the strategic business partners is dependent on the Proposed Disposal being successful. The Group's ability to secure funding is critical for the Group's continued existence and future business plans. The Group's business plans incorporate forecasted growth of revenues and margins of the social trading business in Asia which are fundamental to achieving the Group's forecasted operating and financial results.

In the directors' opinion, barring any unforeseen circumstances, the Group will be able to successfully dispose of AML given that it has already secured irrevocable undertakings from shareholders hold an aggregate of approximately 55.49% of the total number of issued Shares of the Company to vote in favour of the Proposed Disposal. The restructuring exercise and fund-raising plans are underway. Hence, the directors are of the view that the application of the going concern assumption is appropriate for the preparation of the accompanying financial statements.

If the financial statements were presented on a realisation basis, the carrying value of its assets and liabilities may be materially different. If the Group and Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and Company may have to reclassify its non-current assets as current assets and its non-current liabilities to current liabilities. No such adjustments have been made to these financial statements.

**2. Summary of significant accounting policies (cont'd)**

**2.5 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018 as discussed in Note 2.6 below.

**2.6 Adoption of new and amended standards and interpretations**

**IFRS 9 Financial Instruments**

On 1 January 2018, the Group adopted IFRS 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The Group applied IFRS 9 retrospectively, with an initial application date of 1 January 2018. The Group has not restated comparative information which continues to be reported under IAS 39 and the disclosure requirements of IFRS 7 Financial Instruments: Disclosures relating to items within the scope of IAS 39. The impact arising from IFRS 9 adoption was included in the opening retained earnings and other components of equity at the date of initial application.

Classification and measurement

IFRS 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group has a mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under IFRS 9. There is no significant impact arising from measurement of these instruments under IFRS 9.

IFRS 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

The Group currently measures its investments in unquoted equity securities at cost. Upon adoption of IFRS 9, the Group measures the unquoted equity securities at FVPL. The impact arising from this change resulted in a decrease in carrying value of CHF 304,000 to the unquoted equity securities with a corresponding fair value adjustment being recognised in opening retained earnings as at 1 January 2018.

**2. Summary of significant accounting policies (cont'd)**

**2.6 Adoption of new and amended standards and interpretations (cont'd)**

**IFRS 9 Financial Instruments (cont'd)**

Impairment

IFRS 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. The Group concluded that the current impairment model to financial assets measured at amortised cost in accordance with IFRS 9 does not have material impact to the financial statements.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. The comparative information was not restated and continues to be reported under IAS 18 and related interpretations.

The following shows the amount by which each financial statement line item is affected for the year ended 31 December 2018 as a result of the adoption of IFRS 15. The adoption of IFRS 15 did not have a material impact on the statement of financial position or the Group's operating, investing and financing cash flows. The third column shows amounts prepared under IFRS 15 and the first column shows what the amounts would have been had IFRS 15 not been adopted:

**Consolidated statement of comprehensive income**

	<b>2018</b>	<b>IFRS 15</b>	<b>2018</b>
	<b>(IAS 18)</b>	<b>adjustments</b>	<b>(IFRS 15)</b>
	<b>CHF'000</b>	<b>CHF'000</b>	<b>CHF'000</b>
Trading revenue	20,801	(2,231)	18,570
Fees, rebates, client bonuses and betting duty tax	(12,505)	2,231	(10,274)



**2. Summary of significant accounting policies (cont'd)**

**2.6 Adoption of new and amended standards and interpretations (cont'd)**

Variable consideration – Client bonuses

The Group provide client bonuses in rewarding client for opening an account, depositing funds and trade on the platform. Such provision gave rise to variable consideration under IFRS 15. Under IFRS 15, variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved.

Prior to the adoption of IFRS 15, client bonuses are accounted for as part of fees, rebates, client bonuses and betting duty tax instead of a reduction against the trading revenue. Upon the adoption of IFRS 15, the Group reclassified client bonuses of CHF 2,231,000 as a reduction of trading revenue. This resulted in a decrease in both trading revenue and fees, rebates, client bonuses and betting duty tax by the same amount.

**2.7 Standards issued but not yet effective**

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or</b>
IFRS 16: Leases	1 January 2019
IFRIC 23: Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application, except for those as described below.

**2. Summary of significant accounting policies (cont'd)**

**2.7 Standards issued but not yet effective (cont'd)**

***IFRS 16 Leases***

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. The standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of IFRS 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- i) its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply IFRS 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group is still assessing the potential impact to the financial statements.

**2. Summary of significant accounting policies (cont'd)**

**2.8 Basis of consolidation and business combinations**

**(a) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting periods. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions that are recognised in assets are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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**2. Summary of significant accounting policies (cont'd)**

**2.8 Basis of consolidation and business combinations (cont'd)**

**(b) Business combinations and goodwill**

With the exception of business combinations involving entities under common control, business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as merger reserve. The income statement reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

## 2. Summary of significant accounting policies (cont'd)

### 2.9 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

### 2.10 Fair value measurement

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are summarised in the following notes.

Disclosures for valuation methods, significant estimates and assumptions Note 3  
Quantitative disclosures of fair value measurement hierarchy Note 26.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or;

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

**2. Summary of significant accounting policies (cont'd)**

**2.10 Fair value measurement (cont'd)**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Derivatives are valued quarterly and long term debt is valued at each reporting period. Involvement of external valuers is decided upon annually by the Chief Financial Officer. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Senior personnel decide, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Chief Financial Officer analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, senior Finance personnel verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**2. Summary of significant accounting policies (cont'd)**

**2.11 Revenue recognition**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the good or service. A performance obligation is satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue for the Group is earned from the provision of the Group's services after eliminating sales within the Group, and is recognised at the fair value of consideration received or receivable for the rendering of services, net of discount and client bonuses.

Trading revenue represents gains and losses arising on client trading activity, primarily in financial spread betting and contracts for difference and the transactions undertaken to hedge the risk associated with client trading activity. Open client and hedging positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed.

Trading revenue also includes spread, commission and funding charges made to clients in respect of the opening, holding and closing of financial spread bets and contracts for difference.

Trading revenue is reported gross of introducing partner commission as these amounts are directly linked to trading revenue.

Introducing partner commission, along with betting duties and financial transaction taxes paid, is disclosed as an expense in arriving at net operating income, as is commissions and execution fees paid to hedging counterparties.

The Group recognises revenue when the specific criteria for each of the Group's activities are met as follows:

(a) Spread and commission

Revenue from spread and commission is recognised upon the completion of a trading transaction.

(b) Funding charges

Revenue from funding charges is recognised at the applicable daily interest rates.

**2. Summary of significant accounting policies (cont'd)**

**2.12 Taxes**

**Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.



## 2. Summary of significant accounting policies (cont'd)

### 2.12 Taxes (cont'd)

#### Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.13 Foreign currencies

The financial statements are presented in Swiss Francs (CHF or SFr), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the statement of comprehensive income are also recognised in OCI or the statement of profit or loss, respectively).

## 2. Summary of significant accounting policies (cont'd)

### 2.13 Foreign currencies (cont'd)

#### (ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Swiss Francs at the rate of exchange prevailing at the reporting date and their profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

### 2.14 Leases

#### Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

### 2.15 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

## 2. Summary of significant accounting policies (cont'd)

### 2.15 Intangible assets (cont'd)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

#### **Research and development costs for IT Platform**

Research costs are expensed as incurred. Development costs on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset';
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development cost as an intangible asset, it is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future sales from the related IT platform (5 years) on a straight line basis. Amortisation is recorded in other operating expenses.

### 2.16 Financial instruments – initial recognition and subsequent measurement

#### (i) Financial assets

##### **Initial recognition and measurement**

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. Summary of significant accounting policies (cont'd)

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

**Investments in debt instruments**

**Subsequent measurement**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

**Amortised cost**

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

**Financial assets at fair value through profit or loss**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

**Investments in equity instruments**

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

**Derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)**

**(i) Financial assets (cont'd)**

**De-recognition**

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

**Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The Group's trade receivables and other receivables represents balances with clients and counterparties where the combination of cash held on account and valuation of financial derivative open positions result in an amount due to the Group. The Group applies a simplified approach in calculating ECLs. The Group recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**2. Summary of significant accounting policies (cont'd)**

**2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)**

**(ii) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

## 2. Summary of significant accounting policies (cont'd)

### 2.17 Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3
- Intangible assets Note 15

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

**2. Summary of significant accounting policies (cont'd)**

**2.18 Cash and cash equivalents**

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**2.19 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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.20 Employee benefits**

*(i) 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 balance sheet date.

*(ii) Defined contribution plans*

The Group participates in defined contribution plans as defined by the laws of the countries in which it has operations. As required by law, the Group makes contributions to the state pension scheme, and recognised such contribution as compensation expenses in the period to which the related service is performed.



**2. Summary of significant accounting policies (cont'd)**

**2.20 Employee benefits (cont'd)**

*(iii) Pensions and other post-employment benefits*

The Group maintains one defined benefit pension plan in Switzerland.

The Group's contributions to defined benefit plans, the recognised amount in the statement of financial position is determined as the present value of the defined benefit obligation at the reporting date less the fair value of any plan assets. Where this calculation results in a net surplus, the excess of assets is recognised only to the extent that it represents a future economic benefit which is actually available to the Group, for example in the form of refunds from the plan or reduction in future contributions to the plan. When such excess is not available or does not represent a future economic benefit, it is not recognised but is disclosed in the notes.

Actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Actuarial gains and losses are not reclassified to profit or loss in subsequent periods. Actuarial gains and losses arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred.

Past service costs are recognised immediately in the operating profit. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is recognised as an expense in the operating profit.

The present value of the defined benefit obligations and the related service costs are calculated annually by qualified actuaries using the projected unit credit method. The pension obligation is measured as the present value of the estimated future cash outflows using market yields of high quality corporate bonds in the country concerned or interest rates of government securities, which have terms to maturity approximating the terms of the related liability.

*(iv) Employee share-based compensation*

Certain employees of the Group receive remuneration in the form of share options as consideration for the services rendered. The cost of these equity settled share based payment transactions with employees are measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share-based payment reserve, over the vesting period. The cumulative expense recognised at each date until the vesting date reflected the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period recognised in employee benefit expense.

The employee share-based payment reserve is transferred to retained earnings upon expiry of the share option.

**2. Summary of significant accounting policies (cont'd)**

**2.21 Award of equity instruments to non-employees**

All non-employee transactions in which goods and services are the consideration received in exchange for equity instruments are accounted for based on the fair value of the consideration received at the dates on which the goods are received or the date on which the services are rendered.

**2.22 Share capital and share issuance expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**2.23 Convertible bonds**

Redeemable Convertible bonds with conversion option and warrants feature are accounted for as financial liability with embedded derivatives (early redemption option, equity conversion option and issuance of warrants at conversion and warrants at redemption) based on the terms of the contract.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are de-recognised with a corresponding recognition of share capital.

The convertible bonds are hybrid financial instruments with a host debt component, embedded derivative component and an equity component. On issuance of convertible bonds, the embedded options are recognised at fair value as derivative liabilities with subsequent changes in fair value recognised in profit or loss.

The residual amount after deducting the fair value of the embedded derivative component and liability component is recognised in equity.

**2.24 Segment reporting**

The Group's revenue is derived from a single operating entity. The Chief Operating Decision Maker does not review the Group's financial information and the Group's turnover by revenue streams or customer country of domicile.

**2.25 Introducing partner commission and betting duty tax**

Commissions payable to introducing partners, and spread betting duty tax are charged to the profit or loss when the associated revenue is recognised. Betting duty tax is payable on net gains generated from clients on spread betting products.

**2. Summary of significant accounting policies (cont'd)**

**2.26 Cryptocurrency assets**

The Group offers various cryptocurrency-related products that can be traded on its platform. The Group would normally hedge its client's trading positions with its brokers. However, as the Group is unable to hedge all of its exposures to cryptocurrencies with brokers it purchases and sells cryptocurrency assets to hedge the client's positions.

At present there is a lack of guidance available on how cryptocurrency assets should be accounted in accordance with IFRS. The Group holds cryptocurrency assets in the ordinary course of its business. Cryptocurrency assets are measured at fair value less cost to sell with changes in valuation recorded in the Group's income statement in the period in which they arise.

**3. Significant accounting judgments and estimates**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**(a) Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the judgement that the use of going concern assumption is appropriate as further disclosed in Note 2.4. Management has also made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

**Intangible assets – Development costs**

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to a project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The carrying amount of capitalised development costs is disclosed in Note 15. Amounts capitalised include the total cost of any services and labour costs directly attributable to development. Management judgement is involved in determining the appropriate internal costs and external consulting cost to capitalise and the amounts involved.

3. Significant accounting judgments and estimates (cont'd)

(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. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of intangible assets

As disclosed in Note 15 to the financial statements, the recoverable amounts of the cash generating units which goodwill and IT platform development costs have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use are disclosed and further explained in Note 15 to the financial statements.

ayondo Ltd and its Subsidiaries

Notes to the Consolidated Financial Statements  
For the year ended 31 December 2018

4. Net trading revenue

	Group	
	2018	2017
	CHF'000	CHF'000
Spread and commission	34,690	16,666
Hedging loss	(18,546)	(1,410)
Spread and commission, net of hedging loss	16,144	15,256
Funding charges	4,528	5,398
Others	129	101
Trading revenue	20,801	20,755
Less: Client bonuses	(2,231)	–
	<u>*18,570</u>	<u>20,755</u>

\* As indicated in Note 2.6, upon the adoption of IFRS 15 using the modified retrospective method, the Group reclassified client bonuses of CHF 2,231,000 as a reduction in trading revenue.

5. Fees, rebates, client bonuses and betting duty tax

	Group	
	2018	2017
	CHF'000	CHF'000
Rebates <sup>1</sup>	8,712	8,496
Client bonuses <sup>2</sup>	–	854
Trading counterparty charges <sup>3</sup>	1,451	1,375
Betting duty tax <sup>4</sup>	111	95
	<u>10,274</u>	<u>10,820</u>

<sup>1</sup> Represents amounts paid to partners, top traders and clients as an incentive for introducing business

<sup>2</sup> Represents amounts paid to client in rewarding them for opening an account, depositing funds and trading

<sup>3</sup> Represents broker fees incurred in transacting hedging activity executed via the Group's hedging counterparties

<sup>4</sup> Represents legislative monetary obligations from trade activities that are payable to local regulatory bodies

6. Staff expenses

	Group	
	2018	2017
	CHF'000	CHF'000
Staff expenses (including directors):		
Salaries and bonuses	5,930	5,469
Defined contributions expenses	92	730
Employee share-based payments (Note 21)	464	520
Employee benefit liability expense	(555)	60
Other short-term benefits	332	287
	<u>6,263</u>	<u>7,066</u>

ayondo Ltd and its Subsidiaries

Notes to the Consolidated Financial Statements  
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7. Marketing expenses

	Group	
	2018 CHF'000	2017 CHF'000
Marketing expenses	1,916	2,407
Media services	–	298
	<u>1,916</u>	<u>2,705</u>

Marketing expenses comprised of Google marketing (YouTube pre-rolls, adwords search and display ads), display banners on regular financial websites, events and fairs, TV spots in Germany and the UK, sport sponsoring and the production of brochures and corporate items. Content production for Blogs, Social Media and educational webinars or books is part of the marketing expenditure. Media services relates to TV broadcasting and advertising spots in Germany.

ayondo Holding AG entered into a payment and deferral agreement on 15 November 2017 with one of its media suppliers in relation to the agreement and services dated 19 May 2017 to extend the repayment date to 31 December 2018. The amount owing for media services to the media supplier has yet to be settled as at 31 December 2018. The Group and its media supplier are in negotiations in relation to the repayment date.

8. Loss before tax

The following items have been included in arriving at loss before tax:

	Note	Group	
		2018 CHF'000	2017 CHF'000
Gain on disposal of property, plant and equipment		(9)	–
Depreciation of property, plant and equipment		84	85
Impairment of goodwill	15	33,360	–
Impairment of IT platform	15	3,494	–
Impairment of investment securities	10	248	–
Amortisation of intangibles	15	1,180	838
IT costs		1,687	1,576
Audit services		336	114
Non-audit services		32	–
Reporting accountant fees		9	763
Legal, other professional fees and consultancy fees		2,069	2,231
Value added tax charges		797	885
Regulatory fees		825	720
Research expenses		652	649
Operating lease expenses	25	622	792
Bank charges		660	273
Travel related expenses		210	239
Net foreign exchange loss/(gain)		554	(1,639)
Finance costs on loan from related parties		36	284
Convertible bond finance cost	20	2,937	2,525
		<u>2,973</u>	<u>2,809</u>
Changes in fair value of embedded derivatives of convertible bonds	20	(2,197)	(1,093)

Included in the research expenses is an amount of CHF448,000 relating to work performed by one of its external IT consultancy companies.

## ayondo Ltd and its Subsidiaries

### Notes to the Consolidated Financial Statements For the year ended 31 December 2018

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#### 9. Income tax

The major components of income tax credit recognised are:

	Group	
	2018 CHF'000	2017 CHF'000
Current income tax credit	(574)	(559)
Under provision of income tax credit in respect of previous year	–	(98)
Income tax credit recognised in profit or loss	(574)	(657)

The reconciliation of income taxes below is determined by applying the applicable corporate tax rates. The income tax in profit or loss varied from the amount of income tax determined by applying the income tax rate applicable to Switzerland, Singapore, Germany and United Kingdom to loss before income tax as a result of the following differences:

	Group	
	2018 CHF'000	2017 CHF'000
Loss before tax	(50,813)	(10,417)
Tax at the domestic rates applicable to profits in the countries where the Group operates	(11,925)	(1,777)
Non-deductible items	9,092	136
Effect of research and development tax credits	(574)	(560)
Deferred tax asset not recognised	2,833	1,642
Under provision in respect of previous year	–	(98)
Total income tax credit	(574)	(657)

The corporate income tax rates for all years applicable to Switzerland, Singapore, Germany and the United Kingdom are 8.50%, 17.00%, 30.00% and 20.00% respectively.

The Group has tax losses of CHF63,693,000 (2017: CHF54,827,000) that are available for offset against future taxable profit of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses and temporary differences as it may not be probable that there are future taxable profits to allow the deferred tax asset to be utilised. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Research and development tax credits represent amounts claimed from HM Revenue & Customs in the UK in respect of research and development relief on expenditure incurred by Ayondo Markets Limited. Where a UK company is in a loss making position, expenditure incurred in prescribed qualifying research and development projects is used to compute a taxation credit that is refunded to the Group each year on the submission of a qualifying claim.

ayondo Ltd and its Subsidiaries

Notes to the Consolidated Financial Statements  
For the year ended 31 December 2018

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10. Investment securities

	<b>Group 2018 CHF'000</b>
<b>Current:</b>	
- Unquoted equity securities at cost at 1 January 2018	932
- Effect of initial adoption of IFRS 9 on 1 January 2018	(304)
- Disposal during the year	(380)
- Impairment loss recorded during the year	(248)
	<hr/>
Unquoted equity securities at fair value through profit or loss at 31 December 2018	-
	<hr/> <hr/>
	<b>Group 2017 CHF'000</b>
<b>Available-for-sale financial assets</b>	
- Equity securities (unquoted), at cost	932
	<hr/> <hr/>

The investment securities are denominated in USD.

The Group measured its investment in unquoted equity securities at cost. Upon the adoption of IFRS 9, the Group measures its investment in unquoted equity securities at fair value through profit or loss. The impact arising from this change resulted in a decrease in carrying value of CHF304,000 to the unquoted equity securities with a corresponding fair value adjustment being recognised in opening retained earnings as at 1 January 2018.

During the year, the Group disposed its investment in one of the unquoted equity securities for CHF380,000.

During the year, the Group recorded an impairment loss of CHF248,000 for one of its investment securities as the Group was of the view that the investment is not expected to generate future economic benefits following the cessation of business of the investee in the current year.



## ayondo Ltd and its Subsidiaries

### Notes to the Consolidated Financial Statements For the year ended 31 December 2018

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#### 11. Subsidiaries

##### (a) *Investment in subsidiary*

On 4 October 2017, the existing shareholder of ayondo Holding AG incorporated ayondo Ltd. with S\$1 share capital. On 23 February 2018, ayondo Ltd. (the "Company") became the holding company of ayondo Holding AG. The Company's cost of investment in ayondo Holding AG amounted to CHF13,379,000.

##### *Unquoted equity shares*

	Company	
	2018	2017
	CHF'000	CHF'000
Unquoted equity shares, at cost	13,379	–
Impairment losses	(13,379)	–
	<hr/>	<hr/>
	–	–
	<hr/>	<hr/>

Movements in allowance for impairment loss on investment in subsidiary during the financial year are as follows:

At 1 January	–	–
Additions	13,379	–
	<hr/>	<hr/>
At 31 December	13,379	–
	<hr/>	<hr/>

##### *Impairment testing of investment in subsidiary*

Impairment loss of CHF13,379,000 was recognised for the financial year ended 31 December 2018 to impair the investment in the subsidiary to its estimated recoverable amount.

## ayondo Ltd and its Subsidiaries

### Notes to the Consolidated Financial Statements For the year ended 31 December 2018

#### 11. Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of company	Country of incorporation and place of business	Principal activities	Effective equity Interest	
			2018	2017
			%	%
ayondo Holding AG	Swiss-ZUG	Holding Company	99.97	98.15
<b>Held through ayondo Holding AG:</b>				
Sycap Group (UK) Ltd.	UK-London	Financial Holding	99.91	99.91
ayondo GmbH	GER- Frankfurt a. M.	Social Trading Infrastructure	100	100
Social Trading Netzwerk GmbH	GER- Frankfurt a. M.	Dormant	100	100
ayondo Asia Pte. Ltd.	Singapore	Social Trading - B2B services	100	100
<b>Held through Sycap Group (UK) Ltd:</b>				
ayondo Markets Ltd	UK-London	Broker, Trading CFDs	99.91	99.91
<b>Held through ayondo GmbH:</b>				
ayondo Portfolio Management GmbH	GER- Frankfurt a. M.	Social Trading	90.10	90.10
<b>Held through ayondo Asia Pte Ltd:</b>				
Typhoon Technology Limited	Hong Kong	Dormant	100	100

#### (b) Interest in subsidiaries with material non-controlling interest (NCI)

The Group does not have any interest in subsidiaries that have NCI that are material to the Group.

ayondo Ltd and its Subsidiaries

Notes to the Consolidated Financial Statements  
For the year ended 31 December 2018

12. Trade and other receivables

	Group		Company	
	2018 CHF'000	2017 CHF'000	2018 CHF'000	2017 CHF'000
Segregated client funds	25,526	44,007	–	–
Amounts due from brokers	5,135	6,270	–	–
Client fund assets	–	216	–	–
Other receivables	1,107	523	–	–
Due from related companies	–	–	–	–
Prepayments	361	553	26	–
Total trade and other receivables	32,129	51,569	26	–
Add: Cash and bank balances	1,594	929	4	–
Less: Prepayments	(361)	(553)	(26)	–
Total financial assets at amortised cost	33,362	51,945	4	–

Segregated client funds comprise individual client funds held in segregated client money accounts established under UK's Financial Conduct Authority. Segregated client money accounts hold statutory trust status restricting the Group's ability to control the monies and accordingly the funds are not available for the Group's own use.

Amounts due from brokers represent balances with brokers of cash held on the account for trading purposes.

Other receivables are unsecured and interest-free. The amounts are to be settled in cash. Included in other receivables is CHF574,000 (2017: CHF657,000) relating to tax receivable from the tax authorities.

The Group has nil (2017: nil) trade receivables that are past due at the end of the reporting period but not impaired.

The Company's due from related companies that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Company	
	2018 CHF'000	2017 CHF'000
Other receivables	20,307	–
Less: Allowance for doubtful receivables	(20,307)	–
	–	–
Movements in allowance accounts:		
At 1 January	–	–
Addition	20,307	–
At 31 December	20,307	–

13. Derivative financial instruments

	Group	
	2018 CHF'000	2017 CHF'000
<b>Current assets</b>		
Futures	42	170
<b>Current liabilities</b>		
Futures	1,940	2,151
Warrant issued – Convertible bonds (note 20)	–	6,904
	1,940	9,055

Futures

The amounts are for futures which are derivative contracts held to hedge client market exposures in accordance with the Group's market risk management policy. The details of the futures of the Group at the end of the reporting period are as follows:

	2018			2017		
	Contract notional amount CHF'000	Assets CHF'000	Liabilities CHF'000	Contract notional amount CHF'000	Assets CHF'000	Liabilities CHF'000
Futures	128,438	42	(1,940)	187,838	170	(2,151)

Warrants issue – Convertible bonds

Warrants issued are in relation to convertible bonds (see also note 20) issued by the Group to the investors. These warrants are fair valued at each reporting period. The warrants were derecognised upon the conversion/repayment of the convertible bonds.

ayondo Ltd and its Subsidiaries

Notes to the Consolidated Financial Statements  
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14. Cash and bank balances

	Group		Company	
	2018 CHF'000	2017 CHF'000	2018 CHF'000	2017 CHF'000
Group's own cash and segregated client funds	27,120	44,936	4	–
Less: Segregated client funds (Note 12)	(25,526)	(44,007)	–	–
Cash and bank balances	1,594	929	4	–
Less: Bank overdraft	(62)	(47)	–	–
Cash and cash equivalents as per statement of cash flow	1,532	882	4	–

Gross cash relate to the Group's own cash and client monies held.

The Group's cash and cash equivalents are denominated in following currencies at the balance sheet date:

	Group	
	2018 CHF'000	2017 CHF'000
Euro	1,195	761
Sterling Pound	208	39
Singapore Dollar	20	38
Swedish Kroner	1	–
United States Dollar	46	64
Swiss Francs	58	(11)
Danish Krone	4	(9)
	1,532	882

The Company's cash and cash equivalents are denominated in SGD.

ayondo Ltd and its Subsidiaries

Notes to the Consolidated Financial Statements  
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15. Intangible assets

Group	Development cost - IT Platform CHF'000	Goodwill CHF'000	Total CHF'000
<u>Cost:</u>			
At 1 January 2017	2,861	33,360	36,221
Additions—internal development	1,929	—	1,929
Exchange differences	282	—	282
At 31 December 2017 and 1 January 2018	5,072	33,360	38,432
Additions –internal development	1,729	—	1,729
Exchange differences	(314)	—	(314)
At 31 December 2018	6,487	33,360	39,847
<u>Accumulated amortisation:</u>			
At 1 January 2017	1,003	—	1,003
Amortisation	838	—	838
Exchange differences	114	—	114
At 31 December 2017 and 1 January 2018	1,955	—	1,955
Amortisation	1,180	—	1,180
Impairment	3,494	33,360	36,854
Exchange differences	(161)	—	(161)
At 31 December 2018	6,468	33,360	39,828
<u>Net Carrying amount</u>			
At 31 December 2017	3,117	33,360	36,477
At 31 December 2018	19	—	19

The development cost relates to enhancement to the Group's IT platform. All research cost not eligible for capitalisation has been expensed.

Included in the IT platform development cost, is an amount of CHF832,000 relating to work performed by one of its external IT consultancy companies. In relation to this, the Group has recorded amortisation charge of CHF71,000 and the remaining CHF761,000 has been fully impaired as at 31 December 2018.

## ayondo Ltd and its Subsidiaries

### Notes to the Consolidated Financial Statements For the year ended 31 December 2018

#### 15. Intangible assets (cont'd)

##### Impairment testing of goodwill and IT platform development cost

The goodwill arose from the Group's acquisition of ayondo GmbH and Sycap Group (UK) Ltd in February 2014 and April 2014 respectively. The carrying amount of the goodwill and IT platform development costs allocated to each CGU are as follows:

	ayondo GmbH		Sycap Group (UK) Ltd		ayondo Asia Pte Ltd	
	2018 CHF'000	2017 CHF'000	2018 CHF'000	2017 CHF'000	2018 CHF'000	2017 CHF'000
Goodwill	–	13,266	–	20,094	–	–
IT Platform development cost	–	732	19	1,967	–	418
Total	–	13,998	19	22,061	–	418

During the year, the Group carried out a review of the recoverable amounts of its respective CGUs using cash flow projections from financial budgets approved by management covering a period of 2 years with the exception of Sycap Group UK. As mentioned in note 2.4, on 8 May 2019, the Group entered into a sales and purchase agreement to dispose its UK subsidiary, ayondo Markets Limited. Hence the approved budget for Sycap Group covered a period of 4 months in view of the proposed disposal of the UK entity. As a result of the UK subsidiary's regulatory capital shortfall as discussed in note 2.4, the independent valuer has assessed and the Board has agreed, the UK subsidiary's fair value less cost to sell is negative on a standalone basis without an injection of capital.

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the two-year period are as follows:

	<b>2018</b>
Growth rates	0%
Pre-tax discount rates	50%

##### Key assumptions used in the value in use calculations are as follows:

###### Pre-tax discount rate

The pre-tax discount applied to the cash flow projections for the respective CGUs are based on pre-tax weighted average cost of capital (WACC) applicable to the respective CGUs and represent the current market assessment of the specific risks, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

###### Growth rates

Projections are determined based on management's knowledge taking into consideration the expected medium to long-term market outlook

An impairment loss of CHF33,360,000 and CHF3,494,000 representing the write down of the goodwill and IT platform to the recoverable amount was recorded in the Group's profit and loss for the year ended 31 December 2018.

ayondo Ltd and its Subsidiaries

Notes to the Consolidated Financial Statements  
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16. Trade and other payables

	Group		Company	
	2018 CHF'000	2017 CHF'000	2018 CHF'000	2017 CHF'000
<b>Current:</b>				
Trade payables	2,013	2,938	–	–
Client fund liabilities	34,529	47,885	–	–
Other payables	344	186	–	–
Accruals	2,987	3,882	745	–
Due to related companies	–	–	2,177	–
VAT payable	137	150	–	–
Provisions	11	854	–	–
<b>Total trade and other payables</b>	<b>40,021</b>	<b>55,895</b>	<b>2,922</b>	<b>–</b>
Bank overdraft	62	47	–	–
Loans from related parties	291	1,933	–	–
Convertible bonds	–	13,593	–	–
Derivative financial instruments	1,940	9,055	–	–
Less: VAT payable	(137)	(150)	–	–
<b>Total financial liabilities carried at amortised cost</b>	<b>42,177</b>	<b>80,373</b>	<b>2,922</b>	<b>–</b>

Trade payables and other payables are non-interest bearing and normally settled on 30 to 90-day terms.

Client fund liabilities include liabilities to both retail and professional clients.

Included in provisions recorded as at 31 December 2017, is a provision of S\$1,140,544 relating to the reimbursement of the acquisition expenses incurred by Starland Holdings Limited ("Starland") for the proposed acquisition of the entire equity interest of ayondo Holding AG. On 26 March 2018, the Company issued 6,547,324 conversion shares to Starland upon the occurrence on the IPO. The issue price of the conversion shares was at 33% discount of the IPO price.

Included in the amount due to related companies, is an amount of £776,655 owing to ayondo markets limited that will be discharged against the sales consideration as per the sales and purchase agreement if the proposed disposal of ayondo markets limited is approved.



ayondo Ltd and its Subsidiaries

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17. Loans from related parties

	Group	
	2018 CHF'000	2017 CHF'000
Loans from related parties	291	1,504
Loans from directors	–	429
	291	1,933

The loan from related parties are unsecured, interest bearing at 8% (2017: 4% to 8%) per annum. Repayment of the loan from related parties was due on 31 December 2018. The Group and its media supplier are in negotiations on the relation to the repayment date.

18. Share capital and treasury shares

(a) Share capital

	2018 No. of shares '000	2017 No. of shares '000	Group	
			2018 CHF'000	2017 CHF'000
<u>Issued and fully paid ordinary shares</u>				
At 1 January	618	618	50,006	45,251
Merger reserve from restructuring	(618)	–	(50,006)	–
Share swap pursuant to the restructuring exercise (i)	727	–	12,314	–
Sub-division of shares (ii)	391,988	–	–	–
Conversion of debt instrument (iii)	17,204	–	3,161	4,755
Issuance of shares pursuant to the reimbursement of acquisition expense to Starland Holdings Limited (iv)	6,547	–	822	–
Issuance of shares pursuant to IPO	80,770	–	14,715	–
Issuance of shares to sponsor	2,549	–	464	–
Issuance of adjustment shares pursuant to CB conversion (v)	10,000	–	1,869	–
Capitalised IPO costs	–	–	(895)	–
At 31 December	509,785	618	32,450	50,006

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18. Share capital and treasury shares (cont'd)

(a) Share capital (cont'd)

	2018 No. of shares '000	Company		2017 No. of shares '000	2018 CHF'000	2017 CHF'000
<u>Issued and fully paid ordinary shares</u>						
At 1 January 2018 / 4 October 2017 (date of incorporation)	—*	—*	—*	—*	—*	—*
Share swap pursuant to the restructuring exercise (i)	727	—	12,314	—	—	—
Sub-division of shares	391,988	—	—	—	—	—
Conversion of debt instrument (iii)	17,204	—	3,161	—	—	—
Issuance of shares pursuant to the reimbursement of acquisition expense to Starland Holdings Limited (iv)	6,547	—	822	—	—	—
Issuance of shares pursuant to IPO	80,770	—	14,715	—	—	—
Issuance of shares to sponsor	2,549	—	464	—	—	—
Issuance of adjustment shares pursuant to CB conversion (v)	10,000	—	1,869	—	—	—
Capitalised IPO costs	—	—	(895)	—	—	—
At 31 December	509,785	—*	32,450	—*	—*	—*

\* Less than CHF 1,000 / 1,000 number of shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

i. Acquisition of ayondo Holdings AG

On 4 October 2017, the existing shareholder of ayondo Holding AG incorporated ayondo Ltd. with S\$1 share capital. During the year, the Company acquired 727,250 shares, representing approximately 99.97% of the issued and paid-up capital of ayondo Holdings AG. The Company became the holding company of ayondo Holding AG following the completion of the acquisition. The aggregate consideration of the entire issued and paid-up share capital of ayondo Holdings AG was CHF 12,314,000 based on the consolidated Net Asset Value of ayondo Holding AG and its subsidiaries. The consideration was fully satisfied by the allotment and issuance of 727,250 shares of the Company.

ii. Sub-division of shares

On 12 March 2018, 727,251\* shares in the capital of the Company were sub-divided into 391,988,289 shares. The sub-division ratio was of every one share into 540 shares.

\* Includes share of 1 as of the date of incorporation

**18. Share capital and treasury shares (cont'd)**

**(a) Share capital (cont'd)**

iii. Conversion of debt instruments

On 13 March 2018, certain holders of the Pre-IPO redeemable convertible loans (Note 20) with principal amount of approximately CHF2,095,000 and a derivative liability of CHF1,066,000 have elected to convert the Pre-IPO redeemable convertible loans into the shares of the Company. The Company issued and allotted 17,204,048 shares to such holders. The conversion resulted in the derecognition of the carrying amount of the liability component, derivative liability representing the equity conversion option with a corresponding increase in share capital.

In the financial year ended 31 December 2017, conversion of debt instrument represents the redemption of "third convertible bond" (see note 20) with a principal amount of SGD6,700,000, in which it was exchanged into 48,855 shares ("Conversion Shares") at an exercise price of CHF 97 per share. The Conversion Shares were issued on 23 April 2015 and held in trust by the Directors in the interests of the Company. The Conversion Shares held in trust were distributed to the bondholders upon redemption. The redemption resulted in the de-recognition of the carrying amount of liability component and the equity conversion option with a corresponding increase in share capital.

iv. Reimbursement of acquisition expense to Starland Holdings Limited

On 27 October 2017, the Company and Starland Holdings Limited ("Starland") have entered into an agreement to reimburse Starland the acquisition expenses comprising third-party professional fees amounting to SGD1,141,000 (equivalent to CHF822,000) as the proposed reverse take-over did not complete. The Company and Starland mutually agreed that the acquisition expenses will only be reimbursed upon successful listing and the acquisition expense shall be automatically converted into the shares of the Company. Accordingly, 6,547,324 shares were issued to Starland.

v. Issuance of adjustment shares pursuant to CB conversion

On 15 March 2018, the Company entered into a settlement agreement with its investors relating to the First and Second convertible bonds. Under the settlement agreement, the Company issued 10,000,000 shares of the Company to the investors on a pro rata basis based on the investment amounts as an adjustment of the conversion price under the first and second convertible bond. The shares were issued and allocated in full on 15 March 2018.

18. Share capital and treasury shares (cont'd)

(b) Merger reserve

	Group	
	2018 CHF'000	2017 CHF'000
Merger reserve from restructuring <sup>(3)</sup>	50,098	–
Share swap pursuant restructuring (Note 18a) <sup>(1)</sup>	(12,314)	–
Capital contribution <sup>(2)</sup>	12,752	–
	50,536	–

<sup>(1)</sup> This represents the aggregate consideration for the acquisition of the entire issued and paid-up share capital of ayondo Holdings AG, in which the consideration was fully satisfied by the allotment and issuance of 727,520 shares of the Company

<sup>(2)</sup> This represents the conversion of CB 1 and CB 2 (refer to Note 20) with principal amount of CHF5,500,000 and SGD5,000,000 respectively, in which they were exchanged into 43,705 and 48,855 ayondo Holdings AG shares respectively.

<sup>(3)</sup> The merger reserve represents the difference between the consideration paid and the aggregate of share capital of the entities acquired during the restructuring exercise.

19. Other reserves

	Group		Company	
	2018 CHF'000	2017 CHF'000	2018 CHF'000	2017 CHF'000
Foreign currency translation reserve	(597)	(491)	–	–
Employee share-based payments reserve	2,988	2,524	2,988	–
Gain on re-issuance of treasury shares	–	92	–	–
Premium paid on acquisition of non-controlling interest	(3,153)	(3,153)	–	–
	(762)	(1,028)	2,988	–

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of entities within the Group whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2018 CHF'000	2017 CHF'000
At 1 January	(491)	1,246
Net effect of exchange differences: arising from translation of financial statements of foreign operations	(106)	(1,737)
At 31 December	(597)	(491)

**20. Convertible bonds**

First convertible bond

In 2014, ayondo holding AG issued convertible bonds in the principal amount of CHF5,500,000 to various investors which is denominated in the functional currency of the issuer. The bonds was disbursed by the investors in 2 tranches at two different completion dates subsequent to the fulfilment of the conditions in the agreement.

The maturity date of the bonds is 4 years from the date of issuance, carries nil interest for the first 2 years, 4% per annum interest for the third year and 8% per annum interest for the fourth year and bears an overdue interest of 5% per annum on all overdue payment.

The investors have the option to convert the principal amount and any accrued and unpaid interests of the bonds into ordinary shares of ayondo Holding AG at a subscription price of (i) CHF83 per share or (ii) at any subsequently adjusted price which represents a valuation of CHF38,000,000 of ayondo Holding AG on a fully diluted basis, upon the earliest of the following events:

- (i) at an IPO of the wholly-owned subsidiary or ayondo Holding AG;
- (ii) a change in control of the wholly-owned subsidiary or ayondo Holding AG; or
- (iii) at the absolute discretion of the investors after the first anniversary of the date of issuance of the bonds.

Upon the conversion of the bonds, ayondo Holding AG undertakes to issue to the investors such number of free warrants, pro rata their investment, with an aggregate exercise price equivalent to 20% of the principal amount of the bonds, with an expiry date of 2 years from the warrants' issuance date.

The investor also has the option to redeem all the bonds then outstanding at principal together with any outstanding interests on the maturity date or occurrence of an event of default (unless waived by the investors) (collectively termed as Redemption Event).

If the redemption is triggered by an event of default, ayondo Holding AG is required to pay an additional annual premium of 12% calculated on a per annum basis from the date of issuance of the bond to the repayment date.

Upon occurrence of a Redemption Event, ayondo Holding AG undertakes to issue to the investors additional free warrants with an aggregate exercise price equivalent to 30% of the value of the principal amount outstanding at the time of the occurrence of the Redemption Event, with an expiry date of 2 years from the redemption date.

In January 2014, ayondo Holding AG issued 13,254 free warrants respectively with an exercise price of CHF 83 per share to the investors, in which the warrants were to expire 2 years after the date of issue of the warrants. The expiry dates of the free warrants had been extended to 31 December 2018.

**20. Convertible bonds (cont'd)**

Second convertible bond

In 2014, a wholly owned subsidiary of ayondo Holding AG issued convertible bonds in the principal amount of SGD5,000,000 (CHF3,685,000) to various investors, which is denominated in the functional currency of the issuer.

The terms of the second convertible bond inclusive of the warrants issuance are similar to the terms of the first convertible bond.

In August 2014, ayondo Holding AG issued 8,742 free warrants respectively with an exercise price of CHF83 per share to the investors, in which the warrants were to expire 2 years after the date of issue of the warrants. The expiry dates of the free warrants had been extended to 31 December 2018.

Third convertible bond

On 20 April 2015, a wholly owned subsidiary of ayondo Holding AG issued convertible bonds in the principal amount of SGD6,700,000 (CHF4,890,000) to various investors, which is denominated in the functional currency of issuer.

The maturity date of the bonds was 2 years from the date of issuance, carries an interest rate of 8% per annum after the first anniversary of the date of issuance and bears an overdue interest of 5% per annum on all overdue payment.

The bonds can be converted into 48,855 of ayondo Holding AG's shares, determined on the issuance date of the convertible bonds.

The principal amount of the bonds could be converted upon the earliest of the following events:

- (i) at the maturity date, 20 April 2017;
- (ii) at an IPO of ayondo Holding AG;
- (iii) a change in control of ayondo Holding AG; or
- (iv) at the absolute discretion of the investors prior to the maturity date.

The investors have the discretion to redeem all outstanding bonds prior to the maturity date if certain event of defaults occurs. The redemption price is at the subscription price together with accrued and unpaid interest at the redemption date plus an additional premium of 12% calculated on a per annum basis on the principal amount from the issuance date of the convertible bonds to the repayment date.

**20. Convertible bonds (cont'd)**

Third convertible bond (cont'd)

Upon conversion of the principal amount of the of the bonds into fixed number of ayondo Holding AG's or occurrence of the redemption event, ayondo Holding AG undertakes to issue 24,429 free warrants to the investors with an exercise price of CHF 97 for each ayondo Holding AG's share. The warrants' expiry date is on 30 September 2017. On 22 June 2017, a wholly owned subsidiary of ayondo Holding AG extended the expiry date to 31 December 2018 for the remaining 765 unexercised warrants.

As at 31 December 2016, 21,772 warrants in relation to the first and second convertible bonds have been exercised by the investors with an exercise price of CHF 83 per share and 23,914 warrants in relation to the third convertible bonds have been exercised by the investors with an exercise price of CHF97 per share.

Pre-IPO Redeemable Convertible Loans

Pursuant to the Pre-Initial Public Offering ("IPO") Convertible Loan Agreements in October 2017, existing loans from related parties as at 30 September 2017 amounting to CHF5,092,754 were converted into Redeemable Convertible Loan ("RCL"). In addition to the conversion of existing loans from related parties, new RCL with principal amount of CHF 1,558,168 had also been issued to various investors on 1 October 2017.

The maturity date of the RCLs is 30 September 2018. The RCLs with the notional amount of CHF4,992,754 shall bear simple interest rate at the rate of 8.0% per annum commencing from 1 October 2017, which shall fall due and payable in arrears in cash upon conversion if the RCLs are converted into new ordinary shares of the Company ("Conversion Shares"). The RCL holders have the option to convert into conversion shares no later than 7 days prior to lodgement of the IPO offer document.

The RCLs with the notional amount of CHF1,658,168 shall bear simple interest rate at the rate of 8.0% per annum commencing from 1 October 2017, which shall fall due and payable in arrears only on maturity date, if the conversion of RCL into the Conversion Shares does not occur due to whatsoever reason. In the event that the RCL is converted into Conversion Shares, no interest shall be payable on the RCL.

The issue price of the Conversion Shares shall be a 33% discount of the IPO price. The RCL holders shall have the option to elect to convert the RCLs (in whole and not in part) into the Conversion Shares. In the event that the RCLs is not converted into the Conversion Shares, the Company shall repay the RCLs and all accrued and unpaid interest.

All the Group's convertible bonds were converted/redeemed during the year.

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20. Convertible bonds (cont'd)

The carrying amount of the Bonds at the end of the reporting period is arrived at as follows:

	Note	Group	
		2018 CHF'000	2017 CHF'000
Total face value of the Bonds		20,726	20,726
Derivative liability component at initial recognition		(7,271)	(7,271)
Equity component at initial recognition		(4,563)	(4,563)
<hr/>			
Liability component of the Bonds at initial recognition		8,892	8,892
<hr/>			
- Opening balance at 1 January		4,701	3,040
- Amortisation of discount during the year	8	2,937	2,525
- Repayment of interest coupon		(768)	(749)
- Conversion during the year		(11,271)	(192)
- Redemption during the year		(4,393)	-
- Exchange difference		(98)	77
- Closing balance at 31 December		(8,892)	4,701
<hr/>			
Liability component of the Bonds at the end of the reporting period		-	13,593
<hr/>			
<u>Liability component of the Bonds at the end of the reporting period:</u>			
- Current		-	13,593
- Non-current		-	-
<hr/>			
		-	13,593
<hr/>			
<u>Derivative liability component of the Bonds:</u>			
- At the beginning of the reporting period		6,904	4,674
- Addition during the period		-	3,276
- Fair value change	8	(2,197)	(1,093)
- Conversion during the year		(4,692)	-
- Exchange difference		(15)	47
<hr/>			
- At the end of the reporting period	13	-	6,904
<hr/>			



**21. Employee share-based payments reserve**

Employee share-based payments reserve relates to the equity-settled share awards granted by the Group to employees of the Group. This reserve is made up of cumulative value to services received from employees recorded over the vesting period commencing from the grant date of the shares. The expense for services received will be recognised over the vesting period.

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	CHF'000	CHF'000
At 1 January	2,524	2,004
Modification of share option scheme	398	-
Grant of shares options to employees <sup>1</sup>	66	520
Total share based payment expense (Note 6)	464	520
At 31 December	2,988	2,524

<sup>1</sup> This represents cost of share-based payments recognised in statement of comprehensive income, with a corresponding increase in the employee share-based payments reserve, over the vesting period for shares granted in previous year.

ayondo Employee Share Option Scheme

Share options had been granted to the Group's employees, directors and consultants by ayondo Holdings AG ("AG Options"), giving them the right to purchase shares in ayondo Holdings AG. The exercise price of the options is equal to the market price of the shares on the date of the grant. The options generally become exercisable over four years (with approximately 25 percent of the total grant vesting each year on the anniversary of the grant date or 25% at the end of the first year, 25% at the end of the second year and 50% at the end of the end of the 4<sup>th</sup> year). There are no cash settlement alternatives except for in the event of termination of the employment relationship upon death of the employee.

On 12 March 2018, the Company granted pre-IPO options to replace all the AG Options. There is no option purchase price and all the pre-IPO options will be vested on the listing date. As such, share based payment expenses of CHF 398,000 was recognised pursuant to the modification of the employee share option plan due to the accelerated vesting date upon listing.

The Pre-IPO Options, which were granted in exchange for the cancellation and replacement of the AG Options were determined on the following basis:

- (i) the conversion on the basis of one AG Option for 540 shares per Pre-IPO Option; and
- (ii) the conversion exchange rate of CHF1.00 to approximately S\$1.40.

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21. Employee share-based payments reserve (cont'd)

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, stock options during the year.

	Group	
	2018 No.	2017 No.
Outstanding at beginning of year	95,270	95,270
Conversion from AG Options to pre-IPO options	51,350,530	–
Granted during the year	–	–
Forfeited during the year	(4,428,000)	–
Outstanding at end of the year <sup>(1)</sup>	47,017,800	95,270
	Group	
	2018 WAEP	2017 WAEP
Outstanding at beginning of year	CHF 85.0	CHF 85.0
Conversion from AG Options to pre-IPO options	SGD 0.22	–
Granted during the year	–	–
Forfeited during the year	SGD 0.23	–
Outstanding at end of the year <sup>(1)</sup>	SGD 0.22	CHF 85.0

<sup>(1)</sup> The range of exercise prices for options outstanding at the end of the year was SGD 0.003 to SGD 0.26 (2017: CHF 1 to CHF 100). The weighted average remaining life for these options is 6.35 years (2017: 7.47 years).

**Information on fair value**

The fair value of stock options granted in connection with stock incentive plans and rights granted in connection with the employee stock purchase plan as at the date of grant is estimated using actuarial valuations, taking into account the terms and conditions upon which the options and the rights were granted. The following table lists the inputs to the model used:

		Group	
		2018	2017
<u>Employee stock option</u>			
Dividend yield	(%)	0.0	0.0
Volatility	(%)	25.0	25.0
Risk-free interest rate	(%)	0.452	0.452
Expected life	(years)	4	4
Weighted average stock price	(CHF)	100	100

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

## 22. Employee benefit liabilities

### Legal framework and responsibilities

ayondo Holding AG operates a defined plan based on pensionable remuneration and length of service for qualifying employees of ayondo Holding AG as prescribed by the Swiss legislation.

The defined benefit plan is administered by a separate collective fund that is legally separated from the entity. In accordance with the legal provisions, the board of the pension fund is independent from ayondo Holding AG and is responsible for the management and governance of the plan. The board of the pension fund is composed of an equal number of representatives from both employer and employees.

The assets are invested collectively within the scope of a re-insurance agreement.

### Pension scheme

Under the plan, the employees are entitled to post-retirement amounting to the amount accrued in the individual member's saving accounts as well as a minimum interest on those savings.

At retirement date, the saving accounts are converted into pensions at a legal conversion rate. Members may opt to receive the pension as a lump sum.

The benefits to be paid to dependents plan members (widow and orphan benefits) vary depending on the respective plan and are determined either in percentage of the insured salary or the estimated retirement pension.

No other post-retirement benefits were granted to the employees.

### Funding

The plan is a cash balance plan, where contributions are expressed as a percentage of the pensionable salary. The contributions are split between employer and employee. The law requires that the employer bears a minimum of 50% of the contributions; higher contributions are allowed. ayondo Holding AG bears 60% of the contributions, the other 40% are borne by the employees.

### Risk related to the defined benefit plans

The collective fund may at any time change the funding scheme. As long as the entity is joining a plan with full insurance character, no pension deficit can occur. However, the collective fund may terminate the insurance agreement, and the entity would then need to arrange a new insurance agreement with another collective fund.

### Significant events

During the year, the Group recorded a gain of CHF581,000 as a result of a curtailment that reduced the number of the employees covered under the defined benefit plan.

**22. Employee benefit liabilities (cont'd)**

**Asset-liability matching**

The pension fund bears all actuarial and investment risks. The board of the pension fund is responsible for the assets management. The investments strategy has been defined in such a way that the regulatory benefits can be paid at their maturity date.

The principal assumptions used for accounting purposes were as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	%	%
Discount rates	0.90	0.70
Expected rates of salary increase	0.50	0.50

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The following table summarises the components of net benefit expense and the funded status recognised in the consolidated financial statements.

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	CHF'000	CHF'000
<u>Net benefit expense</u>		
Current service cost	58	120
Past service cost	(581)	-
Interest cost on benefit obligation	13	19
Interest on plan asset	(9)	(13)
Administrative cost	1	1
Net benefit expense	518	127

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Re-measurement of net defined benefit obligations:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	CHF'000	CHF'000
Defined benefit cost recognised in OCI		
Actuarial loss on defined benefit obligation	(115)	(13)
Return on plan assets excluding interest income	(28)	4
Defined benefit cost recognised in OCI	(143)	(9)

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**22. Employee benefit liabilities (cont'd)**

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	CHF'000	CHF'000
Present value of defined benefit obligation	752	2,761
Fair value of plan assets	(653)	(1,964)
	<hr/>	<hr/>
Net liability arising from defined benefit obligation	99	797
	<hr/>	<hr/>

Reconciliation in net defined benefit liability:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	CHF'000	CHF'000
Net defined benefit liability at beginning of the year	797	747
Defined benefit cost recognised in profit or loss	(519)	127
Defined benefit cost recognised in OCI	(143)	(9)
Contributions by the employer	(36)	(68)
	<hr/>	<hr/>
Net defined benefit liability at end of the year	99	797
	<hr/>	<hr/>

Changes in present value of defined benefit obligations are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	CHF'000	CHF'000
At 1 January	2,761	2,590
Interest cost	13	19
Current service cost	58	120
Benefits paid	(1,408)	(1)
Contribution by plan participants	24	45
Past service cost	(581)	-
Actuarial gains recognised in other comprehensive income	(115)	(13)
Administrative cost	-	1
	<hr/>	<hr/>
At 31 December	752	2,761
	<hr/>	<hr/>

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Notes to the Consolidated Financial Statements  
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22. Employee benefit liabilities (cont'd)

The changes in the fair value of plan assets were as follows:

	Group	
	2018 CHF'000	2017 CHF'000
Fair value of plan assets as at 1 January	1,964	1,843
Interest income	9	13
Contributions by employer	36	68
Contributions by plan participants	24	45
Benefits paid	(1,408)	(1)
Return on plan assets excluding interest income	28	(4)
	653	1,964
	653	1,964

23. Loss per share

	Group	
	2018 CHF'000	2017 CHF'000
Loss attributable to equity holders of the Company	(50,218)	(9,750)
Loss attributable to equity holders of the Company used in computation of diluted earnings per share	(50,218)	(9,750)
	(50,218)	(9,750)

	Group	
	2018 No. of Shares '000	2017 No. of Shares '000
Weighted average number of ordinary shares for basic earnings per share computation	504,446	504,446
Weighted average number of ordinary shares for diluted earnings per share computation	504,446	504,446
	504,446	504,446

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for comparative period has been adjusted retrospectively to reflect the capitalisation as a result of the restructuring exercise pursuant to the IPO.

**23. Loss per share (cont'd)**

The basic and diluted loss per share are calculated by dividing the loss for the year attributable to equity owners of the Company by the weighted average number of ordinary shares for basic loss per share computation and dividing the loss for the year attributable to equity owners of the Company.

Employee share options issued and convertible redeemable shares were excluded from the calculation of diluted loss per share for the financial periods ended 31 December 2018 and 31 December 2017 as their effects would be anti-dilutive (i.e. loss per share would have been increased in the event that employee share options and warrants issued were vested or exercised). Thus, the diluted loss per share was the same as the basic loss per share for the financial period ended 31 December 2018 and 31 December 2017.

**24. Related party transactions**

**(a) Sale and purchase of goods and services**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>CHF'000</b>	<b>CHF'000</b>
<b><i>Income</i></b>		
Interest income from:		
- Subsidiaries	(1,020)	(513)
Management fee income from:		
- Subsidiaries	(536)	(503)
<b><i>Expense</i></b>		
Interest expense paid to:		
- Subsidiaries	1,020	513
- Related parties	31	284
- Shareholders of the Group in relation to convertible bonds	870	633
Rental expense paid to:		
- The former management company of ayondo	–	24
Purchase of IT services <sup>1</sup>	867	722
Payment for consulting services <sup>2</sup>	108	–

<sup>1</sup> The Group entered into a contract for the provision of IT services with a firm of which the Chief Executive Officer, is the Principal Technology Consultant of the Group.

<sup>2</sup> The Chief Talent Officer and General Counsel of the Group, had an interest in a company which provides consulting services to the Group.

24. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2018 CHF'000	2017 CHF'000
Short-term employee benefits	1,848	1,279
Share-based payments	–	363
	1,848	1,642
<i>Comprise amounts paid to:</i>		
Directors of the Company	609	532
Other key management personnel	1,239	1,110
	1,848	1,642

At the end of the reporting period, the total number of outstanding share options granted by the Company to the abovementioned directors under the ESOP amount to 20,109,600 under the existing share option scheme (2017: 37,240 under the old share option scheme).

25. Commitments

Operating lease commitments – as lessee

The Group entered into operating lease agreements for office premises. These leases have an average life of between 1 and 4 years with renewable options included in the agreements. There are no restrictions placed upon the Group by entering into these leases. Operating lease payments recognised in profit or loss during the period amounted to CHF 622,000. (2017: CHF 792,000).

Future minimum lease payments payable under non-cancellable operating leases are as follows:

	Group	
	2018 CHF'000	2017 CHF'000
Not later than one year	465	607
Later than one year but not later than 5 years	605	1,111
	1,070	1,718



26. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	31.12.2018			Total
	CHF'000			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>Measured at fair value</b>				
<b>Financial assets as at 31 December 2018</b>				
<i>Cryptocurrency asset</i>	291	–	–	291
<i>Derivative financial instruments</i>	–	42	–	42
<b>Financial liabilities as at 31 December 2018</b>				
<i>Derivative financial instruments</i>	–	1,940	–	1,940

26. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

	31.12.2017 CHF'000			Total
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observabl e inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>Measured at fair value</b>				
<b>Financial assets as at 31 December 2017</b>				
<i>Derivative financial instruments</i>	–	170	–	170
<b>Financial liabilities as at 31 December 2017</b>				
<i>Derivative financial instruments</i>	–	9,055	–	9,055

(c) *Level 2 fair value measurements*

The valuation of the convertible bonds and derivative financial instruments is based on binomial option valuation model to estimate the fair value of the convertible bonds and derivative instruments. This model incorporated various inputs including current share price, time to expiry, risk free rate, volatility, dividend yield and exchange price.

(d) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Trade and other receivables (Note 12), cash and bank balances (Note 14), trade and other payables (Note 16) and loans from related parties (Note 17).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments, or fixed rate instruments whereby the fixed rate approximate market interest rates on or near the end of the reporting period.

26. Fair value of assets and liabilities (cont'd)

(e) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value**

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Note	2018		2017	
		CHF'000	CHF'000	CHF'000	CHF'000
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>					
Unquoted equity securities*	10	**	**	932	#

# Fair value information has not been disclosed for these financial instruments carried at cost because fair value cannot be measured reliably.

\* Investment in equity instruments carried at cost less impairment loss.

\*\* In accordance with IFRS 9, the investment securities were classified and measured at fair value through profit and loss beginning 1 January 2018.

27. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its use of financial instruments. The key financial risks are client credit risk, credit institution credit risk, liquidity risk, foreign currency risk, market risk and concentration risk. The management reviews and agrees policies and procedures for the management of these risks, which are executed by the Directors of the Group.

The following section provide details regarding the Group's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) **Client credit risk**

The Group operates a real-time mark-to-market leveraged trading facility where customers are required to maintain margin against positions, and any profits and losses generated by the customer are credited and debited automatically to their accounts. As with any leveraged product offering, there is the potential for a customer to lose more than they have deposited in their account. Client credit risk represents the risk associated with a client defaulting on their obligations due to the Group.

The Group has in place the following processes which aim to mitigate client credit risk:

- **Auto-liquidation:** in the event that a customer account value drops to a certain pre-determined threshold, the customer's account will automatically be liquidated. Upon liquidation, the customer will not be able to open any new positions and all open positions will be closed at the best price available.

27 Financial risk management objectives and policies (cont'd)

(a) *Client credit risk (cont'd)*

- Client Risk Simulation: The Group maintains a highly complex credit risk model in which the following scenarios are identified and controlled:
  - Significant exposures to assets that are prone to 'gapping', low liquidity or geo-political events;
  - Where customers are carrying large positions and the collateral held is not sufficient to mitigate against simulated sudden shocks in the underlying asset price;
  - Where exposure to one asset (or a highly correlated group of assets) is large and concentrated amongst one or a small number of clients; and
  - Hedging scenarios which compound the overall revenue impact to the Group in the event of adverse market movements.

(b) *Credit institution credit risk*

Credit institution credit risk is the risk that a credit institution will default on its contractual obligation to the Group resulting in a loss to the Group. The Group has relationships with a number of counterparties that provide brokerage and/or banking services.

The Group maintains accounts with several credit institutions to reduce over-reliance on a single credit institution. In addition, the Group closely monitors the credit quality of the credit institutions by tracking their credit ratings issued by Standard and Poor's long term issuer credit ratings. Where there is a change of credit ratings of these credit institutions, the Group will perform the appropriate changes to mitigate the credit risk.

(c) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents, deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

ayondo Ltd and its Subsidiaries

Notes to the Consolidated Financial Statements  
For the year ended 31 December 2018

27. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk*

Group	2018 CHF'000		2017 CHF'000	
	One year or less	One to five years	One year or less	One to five years
<b>Financial assets:</b>				
Trade and other receivables	32,129	–	51,569	–
Cash and bank balances	1,594	–	929	–
Derivative financial instruments	42	–	170	–
		<b>Total</b>		<b>Total</b>
	33,765	–	52,668	–
Total undiscounted financial assets		33,765		52,668
<b>Financial liabilities:</b>				
Trade and other payables	40,021	–	55,895	–
Bank overdraft	62	–	47	–
Loans from related parties	291	–	1,933	–
Convertible bonds	–	–	13,593	–
Derivative financial instruments	1,940	–	9,055	–
		<b>Total</b>		<b>Total</b>
	42,314	–	80,523	–
Total undiscounted financial liabilities		42,314		80,523
Total net undiscounted financial liabilities	(8,549)	–	(27,855)	–
		(8,549)		(27,855)

ayondo Ltd and its Subsidiaries

Notes to the Consolidated Financial Statements  
For the year ended 31 December 2018

27. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk*

Company	2018 CHF'000		2017 CHF'000	
	One year or less	One to five years	One year or less	One to five years
<b>Financial assets:</b>				
Trade and other receivables	26	-	-	-
Cash and bank balances	4	-	-	-
		<b>Total</b>		<b>Total</b>
Total undiscounted financial assets	30	30	-	-
<b>Financial liabilities:</b>				
Trade and other payables	2,922	-	-	-
Total undiscounted financial liabilities	2,922	2,922	-	-
Total net undiscounted financial liabilities	(2,892)	(2,892)	-	-

27. Financial risk management objectives and policies (cont'd)

(d) *Foreign currency risk*

Foreign currency risk arises in the normal course of the business and the Group will closely monitor and ensure that the remaining net foreign exchange exposure is maintained at an acceptable level by buying or selling foreign currencies at spot rates to address short-term imbalances. The Group from time to time may consider the use of derivatives from time to time to further mitigate any risks from exposure.

The Group has transactional currency exposures from expenses that are denominated in foreign currencies, primarily United States Dollars (USD), Pound Sterling (GBP), Euro (EUR) and Singapore Dollar (SGD). The net foreign currency risk impact is not material to the Group as the Group exposure is managed by natural hedge of matching assets and liabilities denominated in foreign currencies.

(e) *Market risk*

The Group's financial risk exposure is calculated and monitored using the Group's internal risk management platform known as, "Global Risk Model". The Global Risk Model allows its management, trading and risk management teams to monitor the group's exposures throughout the day, with access to risk management dashboards on mobile and desktop applications. The dashboard allows for multi-functional, real-time monitoring and control of the risk management system and features pricing alerts and latency, asset class, turnover, exposure and profit and loss monitoring. Both client and hedge trades are monitored on real-time basis to provide the Group with net exposure data across all assets, providing breakdown of details of exposure. This exposure is managed on real-time basis according to the Group's approved risk strategy. The Group also maintains an Internal Capital Adequacy Assessment Process.

The Global Risk Model will send automated warnings to the dealers when pre-determined limits are breached. Thereafter, the dealers will trade via broker platforms and place instantaneous orders in the underlying market, thus automatically managing client exposures to levels commensurate with the Group's pre-determined risk limits.

Market risk is the risk of loss from adverse market movements. The primary market risk factors to which the Group is exposed are stock and index prices, interest rates, foreign exchange rates and commodity prices. The Global Risk Model monitors the volatility and liquidity of all financial instruments via real-time modelling. Maximum risk limits are pre-determined by the Board and the Market Risk Committee and are expanded and contracted algorithmically within agreed levels. In addition, equity risk limits are allocated at differing levels of granularity, representing the extent of diversification within the risk book.

**27. Financial risk management objectives and policies (cont'd)**

**(f) Concentration risk**

The Group work with whitelabel partners who introduce potential customers to the Group. In the event of a termination of the Group's relationship with their whitelabel partners and inability of find substitutions in a timely manner, the Group may suffer the risk of losing customers which will affect the Group's business and financial performance.

As at 31 December 2018, 54% (2017: 40%) of the Group's revenue is contributed by customers introduced by BUX B.V.

**28. Capital management**

The primary objective of the Group's capital management is to ensure it maintains healthy capital ratios in order to support its business, maximise shareholder value as well as to comply with the capital adequacy requirements set by the UK's Financial Conduct Authority ("FCA") and other global regulators in jurisdictions in which the Group entities operate. The Group monitors, and adjusts accordingly its capital adequacy ratio through the management of operational risk, market risk and credit risk where exposures apply relative to its own capital position.

The Group manages its capital structure comprising principally of shareholders' equity and debt and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital.

No changes were made in the objectives, policies or processes during the year ended 31 December 2018.

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>CHF'000</b>	<b>CHF'000</b>
Loans and borrowings	291	15,526
Trade and other payables	40,021	55,895
Bank overdraft	62	47
Less: Cash and cash equivalents	(1,594)	(929)
	<hr/>	<hr/>
<i>Net debt</i>	38,780	70,539
	<hr/>	<hr/>
Equity attributable to owners of the Company	(8,234)	8,899
	<hr/>	<hr/>

The UK subsidiary, AML, is required to maintain an Individual Capital Guidance CET1 Ratio of 13% (2017: 8%) as at 31 December 2018. As at 31 December 2018, as a result of the change in accounting treatment for the IT platform in the UK statutory financial statements in accordance to FRS102 - The Financial Reporting Standard Applicable in the UK and Republic of Ireland and impairment of the Inter-company receivables, there is a negative impact on AML's CET1 ratio. AML will require capital injection to meet the regulatory capital requirements. The FCA is aware of the situation and has granted regulatory forbearance so allowing AML to continue to trade while the Proposed Disposal and required capital injection takes place.



**29. Events occurring after the reporting period**

- a. On 22 January 2019, Robert Lempka, resigned from the Company as Executive Director and Chief Executive Director and all positions in group companies pursuant to a termination agreement entered into between him and the Company on the same day.

The Company on 17 April 2019 received a statutory demand from Robert Lempka, demanding payment of an outstanding sum of S\$165,800 pursuant to the termination agreement (a Statutory Demand). The Board noted that the Statutory Demand alleged that the Company had refused and/or failed to respond to a letter of demand dated 9 April 2019 on the above matter. The Board clarified that the Company had not received the letter prior to the Statutory Demand and was not aware of the Letter.

The Company on 26 April 2019 was served a Writ of Summons and a Statement of Claim in the State Courts of Singapore, alleging a repudiatory breach of the termination agreement entered into between the Company and Robert Lempka by refusing and/or failing to make payment of the full sum required to be paid to Robert Lempka under the termination agreement.

- b. Following the receipt of a report from KPMG LLP on 31 January 2019 regarding the accounting treatment applied by AML in relation to two items on its financial statements, relevant to the computation of the core equity tier 1 ("CET1") ratio, namely (a) technology software expenditures ("Tech Expenditures"); and (b) inter-company balances and transactions ("Inter-Company Balances"), AML notified the FCA that it had adopted KPMG's suggested accounting treatment whereby the Tech Expenditures will be classified as intangibles instead of tangible assets. As a result of the change in accounting treatment for the IT platform in the UK statutory financial statements in accordance to FRS102 - The Financial Reporting Standard Applicable in the UK and Republic of Ireland and impairment of the Inter-Company Balances, there is a negative impact on AML's CET1 ratio as at 31 December 2018. AML will require capital injection to meet the regulatory capital requirements.
- c. On 14 February 2019 the Company entered into a non-binding heads of terms with BUX Holdings B.V. its white label partner for the disposal of the entire issued shares of AML.

On 7 May 2019, the Company signed the sale and purchase agreement with BUX Holdings B.V. for the disposal of AML.

The proposed disposal will result in AML ceasing to be an indirect subsidiary of the Company and is subject to, among other conditions, regulatory approval and approval of the shareholders of the Company being obtained at an extraordinary general meeting to be convened on 3 June 2019 as disclosed in the circular to the shareholders dated 19 May 2019.

**29. Events occurring after the reporting period (cont'd)**

- c. On 20 February 2019 the Company entered into a non-binding strategic alliance with iMaibo. iMaibo is a company incorporated in the British Virgin Islands offering a cost-efficient social investing platform for Asian, European and other global CFDs to facilitate investment-related business. Under the terms of the strategic alliance, the parties intend to co-operate with each other on, inter alia, growing a social trading business in China by leveraging on iMaibo's client base and KOLs and the Company's execution infrastructure and product suite, as well as the Company's top trader community on its social trading platform "WeTrade". The Company and iMaibo intend to derive synergies from both companies and develop both companies' approaches towards the Chinese and European markets, as well as new products aimed at the South East Asian and other regions. The parties also intend to expand into adjacent business areas to secure new clients and additional revenue streams from synergies with brokerages, asset management companies, corporate top traders and other internet platforms.

iMaibo has to date provided and already procured a third-party investor to provide loans of a total of US\$0.9 million to the Group to facilitate parties' collaboration as contemplated under the terms. The loans have been utilised by the Company for its general corporate and working capital purposes. Over the longer term there is contemplated a longer-term fundraising exercise supported by iMaibo.

**30. Authorisation of financial statements for issue**

The financial statements for the period ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 24 May 2019.

**AYONDO LTD.**  
**SHAREHOLDINGS STATISTICS AS AT 15 MAY 2019**

Issued and Fully Paid-Up Capital	- S\$43,058,007.31
Number of Shares	- 509,785,570
Treasury Shares	- Nil
Subsidiary Holdings Held	- Nil
Class of Shares	- Ordinary Shares
Voting Rights	- 1 vote for each ordinary share

% of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares in issue (excluding treasury shares and subsidiary holdings) – 0%

**ANALYSIS OF SHAREHOLDINGS**

<u>Size of Shareholdings</u>	<u>Number of Shareholders</u>	<u>%</u>	<u>Number of Shares</u>	<u>%</u>
1 - 99	0	0.00	0	0.00
100 - 1,000	166	20.49	163,100	0.03
1,001 - 10,000	273	33.70	2,053,458	0.40
10,001 - 1,000,000	343	42.35	31,688,684	6.22
1,000,001 AND ABOVE	28	3.46	475,880,328	93.35
<b>TOTAL</b>	<b>810</b>	<b>100.00</b>	<b>509,785,570</b>	<b>100.00</b>

**SHAREHOLDINGS HELD IN HANDS OF PUBLIC**

As at 15 May 2019, the percentage of shareholdings held in the hands of the public was approximately 68.1% and Rule 723 of the Listing Manual Section B: Rule of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

**TOP 20 SHAREHOLDERS LIST**

<u>S/No</u>	<u>Name of Shareholder</u>	<u>Number of Shares</u>	<u>%*</u>
1	CITIBANK NOMINEES SINGAPORE PTE LTD	100,685,200	19.75
2	DBS NOMINEES PTE LTD	78,246,620	15.35
3	HSBC (SINGAPORE) NOMINEES PTE LTD	63,022,873	12.36
4	LUMINOR PACIFIC FUND 1 LTD	56,660,756	11.11
5	LUMINOR PACIFIC FUND 2 LTD	44,514,009	8.73
6	RAFFLES NOMINEES (PTE) LIMITED	34,152,104	6.70
7	KWAN CHEE SENG	17,386,507	3.41
8	BPSS NOMINEES SINGAPORE (PTE.) LTD.	10,324,880	2.03
9	GLOBAL MONEY VENTURES AG	8,767,710	1.72
10	FOO FATT KAH	6,688,057	1.31
11	RHB SECURITIES SINGAPORE PTE LTD	6,561,300	1.29
12	STARLAND HOLDINGS LIMITED	6,547,324	1.28
13	UOB KAY HIAN PTE LTD	5,861,300	1.15
14	DB NOMINEES (SINGAPORE) PTE LTD	5,356,000	1.05
15	HENRY CHEONG YING CHEW	4,018,369	0.79
16	TERENCE TAN ENG CHUAN	4,018,369	0.79
17	BALTISCHE BAUENTWICKLUNGSGESELLSCHAFT MBH	3,788,100	0.74
18	DOMINIC ANTHONY MORRIS	2,968,178	0.58
19	WORLDSEC INVESTMENT (HONG KONG) LIMITED	2,673,000	0.52
20	NEXT GENERATION FINANCE MANAGEMENT AG	2,405,592	0.47
	<b>TOTAL</b>	<b>464,646,248</b>	<b>91.13</b>

\* The percentage of shareholdings is calculated based on the number of issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company as at 15 May 2019.

## AYONDO LTD.

### SUBSTANTIAL SHAREHOLDERS

As at 15 May 2019

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	Percentage (%) <sup>(1)</sup>	Number of Shares	Percentage (%) <sup>(1)</sup>
Thomas Winkler	2,296,517	0.45	26,558,064 <sup>(2)</sup>	5.21
Luminor Capital Pte. Ltd.	-	-	101,174,765 <sup>(3)</sup>	19.85
Luminor Pacific Fund 1 Ltd.	56,660,756	11.11	-	-
Luminor Pacific Fund 2 Ltd.	44,514,009	8.73	-	-
Kwan Chee Seng	17,386,507	3.41	107,722,089 <sup>(4)</sup>	21.13
Kwan Yu Wen	-	-	101,174,765 <sup>(5)</sup>	19.85
Foo Fatt Kah	6,688,057	1.31	101,174,765 <sup>(6)</sup>	19.85

#### Notes:

- (1) The percentage of shareholdings is calculated based on the number of issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company as at 15 May 2019, being 509,785,570 ordinary shares.
- (2) Thomas Winkler is deemed to be interested in the 423,360 Shares held by his spouse, Astrid Winkler and by virtue of Section 4 of the Securities and Futures Act (Cap. 289) (the "SFA") and Section 7 of the Companies Act (Cap. 50) of Singapore ("CA"), Thomas Winkler is deemed to be interested in the Shares held by the following companies:
  - (i) 17,535,420 ordinary shares held by Global Money Ventures AG;
  - (ii) 4,811,184 ordinary shares held by Next Generation Finance Management AG; and
  - (iii) 3,788,100 ordinary shares held by Baltische Bauentwicklungsgesellschaft mbH.
- (3) By virtue of section 4 of the SFA, Luminor Capital Pte. Ltd., being the fund manager which manages Luminor Pacific Fund 1 Ltd. and Luminor Pacific Fund 2 Ltd. (collectively "**Luminor Funds**") on a discretionary basis will be deemed interested in all the shares of the Company held by Luminor Funds.
- (4) Kwan Chee Seng is a director and shareholder of Luminor Capital Pte. Ltd., the fund manager of Luminor Funds which manages Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Kwan Chee Seng is deemed interested in the 56,660,756 shares held by Luminor Pacific Fund 1 Ltd. and 44,514,009 shares held by Luminor Pacific Fund 2 Ltd.. Starland Holdings Limited is a 83.2%-owned subsidiary of GRP Chongqing Land Pte. Ltd., a wholly-owned subsidiary of GRP Land Pte. Ltd. which is in turn wholly-owned by GRP Limited. Kwan Chee Seng has a shareholding interest of 33.1% in GRP Limited. By virtue of Section 7 of the CA, Kwan Chee Seng is deemed to be interested in the 6,547,324 shares held by Starland Holdings Limited.
- (5) Kwan Yu Wen holds 20% of the share capital of Luminor Capital Pte. Ltd, the fund manager which manages Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Kwan Yu Wen is deemed interested in the 101,174,765 ordinary shares of the Company held by Luminor Funds.
- (6) Foo Fatt Kah is a director and shareholder of Luminor Capital Pte. Ltd., the fund manager of Luminor Funds which manages Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Dr Foo is deemed interested in the 101,174,765 ordinary shares of the Company held by Luminor Funds.



**AYONDO LTD.**

(Company Registration No.: 201728417D)  
(Incorporated in the Republic of Singapore)

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“AGM”) of ayondo Ltd. (the “Company”) will be held at 10 Anson Road, #29-06 International Plaza, Singapore 079903 on Friday, 28 June 2019 at 2.30 p.m. to transact the following businesses:-

**AS ORDINARY BUSINESS**

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018 together with the Independent Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Mr Thomas Winkler as a Director of the Company retiring pursuant to Regulation 122 of the Company’s Constitution.  
*[See Explanatory Note (i)]* **(Resolution 2)**
3. To re-elect Dr Foo Fatt Kah as a Director of the Company retiring pursuant to Regulation 117 of the Company’s Constitution.  
*[See Explanatory Note (ii)]* **(Resolution 3)**
4. To re-elect Mr Foong Daw Ching as a Director of the Company retiring pursuant to Regulation 122 of the Company’s Constitution.  
*[See Explanatory Note (iii)]* **(Resolution 4)**
5. To re-elect Ms Lam Shiao Ning as a Director of the Company retiring pursuant to Regulation 122 of the Company’s Constitution.  
*[See Explanatory Note (iv)]* **(Resolution 5)**
6. To note the retirement of Mr Chan Heng Toong, retiring pursuant to Regulation 122 of the Company’s Constitution.  
*[See Explanatory Note (v)]*
7. To approve the payment of Directors’ fees of S\$142,300 for the financial year ended 31 December 2018. **(Resolution 6)**
8. To re-appoint Messrs Ernst & Young LLP as the auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
9. 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 amendments:

10. **Authority to issue shares in the capital of the Company (“Shares”) pursuant to Section 161 of the Companies Act, (Cap. 50) and Rule 806 of the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited** **(Resolution 8)**

That pursuant to Section 161 of the Companies Act (Cap. 50) and Rule 806 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), the Directors be and are hereby authorised to: (a) (i) issue new ordinary shares whether by way of rights, bonus or otherwise; and/or (ii) make or grant offers, agreements or options (collectively “**Instruments**”) that might or would require new ordinary shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into new ordinary 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 this authorisation conferred may have ceased to be in force) issue new ordinary shares in pursuance of any Instruments made or granted by the Directors while this authorisation was in force, provided that:

- (1) the aggregate number of new ordinary shares to be issued pursuant to such authority (including new ordinary shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation shall not exceed 100.0% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of new ordinary shares to be issued (including new ordinary shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders of the Company shall not exceed 50.0% of the total number of issued ordinary 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 new ordinary shares (including new ordinary shares to be issued pursuant to the Instruments) that may be issued under subparagraph (1) above, the percentage of new ordinary shares that may be issued shall be based on the issued share capital of the Company (excluding treasury shares and subsidiary holdings) at the time of passing of this authority, after adjusting for: (a) new ordinary shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new ordinary shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (c) any subsequent bonus issue, consolidation or subdivision of ordinary shares;
- (3) in exercising such authority, 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), all applicable legal requirements under the Companies Act, Chapter 50, and the Constitution for the time being of the Company; and
- (4) unless revoked or varied by the Company in a general meeting by ordinary resolution, such authority shall continue in force until (a) the conclusion of the next AGM of the Company or (b) the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

*[See Explanatory Note (vi)]*

By Order of the Board

Wee Woon Hong  
Company Secretary

Singapore,  
13 June 2019

**Explanatory Notes:**

- (i) Mr Thomas Winkler will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman of the Board. Detailed information on Mr Thomas Winkler pursuant to Rule 704(6) of the Catalist Rules can be found in the Annual Report 2018.
- (ii) Dr Foo Fatt Kah will, upon re-election as a Director of the Company, remain as the Non-Executive Director of the Board and a member of the Audit and Risk Committee. Detailed information on Dr Foo Fatt Kah pursuant to Rule 704(6) of the Catalist Rules can be found in the Annual Report 2018.
- (iii) Mr Foong Daw Ching will, upon re-election as a Director of the Company, remain as Lead Independent Director of the Board, Chairman of the Audit and Risk Committee and a member of the Remuneration Committee and Nominating Committee, and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr Foong Daw Ching pursuant to Rule 704(6) of the Catalist Rules can be found in the Annual Report 2018.
- (iv) Ms Lam Shiao Ning will, upon re-election as a Director of the Company, remain as an Independent Director of the Board, Chairman of the Nominating Committee and a member of the Audit and Risk Committee and Remuneration Committee, and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Ms Lam Shiao Ning pursuant to Rule 704(6) of the Catalist Rules can be found in the Annual Report 2018.
- (v) Mr Chan Heng Toong, an Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and Nominating Committee, will retire by rotation pursuant to Regulation 122 of the Company's Constitution at the AGM. Mr Chan Heng Toong will not be seeking re-election at the AGM. His retirement from the Board will take effect upon the conclusion of the AGM.
- (vi) Ordinary Resolution 9 proposed in item 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, the date by which the next AGM is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earliest, to issue new ordinary shares, make or grant Instruments convertible into new ordinary shares and to issue new ordinary shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a *pro rata* basis to shareholders of the Company.

**Notes:-**

- (a) (i) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in the instrument of proxy.
- (ii) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one proxy, the number of Shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

- (b) A proxy need not be a member of the Company.

- (c) The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 20 Collyer Quay #01-02 Singapore 049319 not less than 72 hours before the time appointed for holding the AGM.
- (d) The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
- (e) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

## PERSONAL DATA PRIVACY

Where a member of the Company submits 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) 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), 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) 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.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

## SPONSOR'S STATEMENT

ayondo Ltd. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 26 March 2018. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited (the "**Sponsor**").

This notice has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST Listing Manual Section B: Rules of Catalist. 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 correctness of any of the information, statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Mr Gregory Wee Toon Lee, Assistant Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.



**AYONDO LTD.**(Company Registration No. 201728417D)  
(Incorporated in the Republic of Singapore)**IMPORTANT:**

1. An Investor who holds shares under the Supplementary Retirement Scheme ("SRS Investors") may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy. In which case, the SRS Investors shall be precluded from attending the AGM.
2. This proxy form is not valid for use by SRS investors and shall be ineffective for all intents and purported to be used by them.

**PROXY FORM**

(Please see notes overleaf before completing this form)

\*I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport/Registration No.)

of \_\_\_\_\_ (Address)

being a member/members of ayondo 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, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our\* proxy/proxies\* to attend and vote for me/us\* on my/our\* behalf at the AGM of the Company to be held at 10 Anson Road, #29-06 International Plaza, Singapore 079903 on Friday, 28 June 2019 at 2.30 p.m. and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies\* will vote or abstain from voting at his/their\* discretion, as he/they\* will on any other matter arising at the AGM and at any adjournment thereof.

Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

All resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Resolutions relating to :	No. of Votes For	No. of Votes Against
<b>ORDINARY BUSINESS</b>			
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018 together with the Independent Auditors' Report thereon.		
2.	To re-elect Mr Thomas Winkler as Director of the Company.		
3.	To re-elect Dr Foo Fatt Kah as Director of the Company.		
4.	To re-elect Mr Foong Daw Ching as Director of the Company.		
5.	To re-elect Ms Lam Shiao Ning as Director of the Company.		
6.	To approve the payment of Directors' Fees of S\$142,300 for the financial year ended 31 December 2018.		
7.	To re-appoint Messrs Ernst & Young LLP as the auditors of the Company and authorise the Directors to fix their remuneration.		
<b>SPECIAL BUSINESS</b>			
8.	To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore.		

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please insert the relevant number of shares in the boxes provided.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2019

\_\_\_\_\_  
Signature of Shareholder(s)  
or Common Seal of Corporate  
Shareholder

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

\*Delete where inapplicable

**Notes:**

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this instrument of proxy. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in this instrument of proxy.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 20 Collyer Quay #01-02 Singapore 049319 not less than 72 hours before the time appointed for holding the AGM. The appointment of a proxy or proxies shall not preclude a member from attending and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.
5. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
6. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
7. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act, Chapter 50.
8. The Company shall be entitled to reject this 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 this instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 13 June 2019.



**ayondo**