ventures.

STEERING TOWARDS GREATER VALUE

Annual Report 2018

CONTENTS

OUR BUSINESS

We are a data analytics driven, e-commerce retailer and distributor specialising in online retail data analytics, marketing, distribution and sale of a wide range of merchandises, under third party brands and our private label, mainly under the product categories of (i) books publishing; (ii) home and décor; and (iii) health and beauty. We generate profit through the sale of merchandises under third party brands and our private label. We utilise our data analytics capabilities of analysing demand trends, pricing intelligence, consumer sentiment and market competition analysis to streamline research and marketing efforts to enhance our sales results and improve cost efficiency on various online marketplaces, and to enhance global market penetration in respect of our merchandises.

(i) Our E-Commerce Retail and Distribution Business

Third Party Brands and Private Label Products

We market and distribute a wide range of merchandises under third party brands through online marketplaces, mainly under a distribution model and from time to time under a consignment model. We provide value to our suppliers and principals by leveraging on our data analytics capabilities to promote, market and sell their merchandises to reach their target global markets. Our in-house developed software for data analytics, analysis of demand trends and customised research and marketing efforts could provide a better platform to enhance the sales results and improve cost efficiency than self-managed sales channels by brands or third party service providers. Additionally, our expertise and established reputation on the various online marketplaces in different jurisdictions reach out to more sales channels globally as compared to our suppliers and principals using self-managed sales channels. Some of the merchandises of third party brands that we market and distribute include books and journals, health and beauty products such as shampoo, deodorant and electronic products such as mobile phones. In addition to distributing merchandises under third party brands, we have also started to sell original equipment manufacturer ("**OEM**") merchandises of home and décor products on online marketplaces since 2015 under our private label "JustNile". We capitalise on our data analytics capabilities to analyse demand trends of specific home and décor products, and analyse consumer sentiment as well as market saturation, to strategise for the sale of OEM merchandises under our private label "JustNile". Some examples of OEM merchandises that we sell include home and décor items such as wall clocks, mirrors and bathroom accessories. The merchandises which we market and distribute are currently targeted for sale on online marketplaces in two core markets, namely USA and outside USA, which include Europe and the Asia Pacific region, such as Northeast Asia and Southeast Asia countries. In 2017, we formed a joint venture with Toscano Pte. Ltd. to create a new brand named "Faire Leather Co." for selling men's leather products. Toscano Pte. Ltd. is responsible for, amongst others, the design, branding and production while we are in charge of providing data analysis and the distribution of these products on online marketplaces.

We are in the process of conducting a strategic review of our non-books business and have plans to focus on the supplementary services-based model for our non-books product segment.

Websites:
https://yventures.com.sg
https://faireleather.co

(ii) Our Logistics and Freight Forwarding Services

We keep most of our stocks in third party warehouses managed by various third party logistics companies. The merchandises which are stored in third party warehouses are delivered by last-mile fulfilment service providers in the respective jurisdictions in which these merchandises are sold. Our subsidiary, Skap Logistics Pte. Ltd., mainly supports our e-commerce retail and distribution business by working closely with these third party logistics companies and last-mile fulfilment service providers for our warehousing and order fulfilment requirements. From time to time, we provide logistics and freight forwarding services to third party customers.

Website: www.skaplogistics.com

(iii) Our Waste Management Services

Apart from our e-commerce retail and distribution business and logistics and freight forwarding services, we also carry on the business of providing waste management services in Singapore known as "Junk To Clear" under our subsidiary, Skap Waste Management Pte. Ltd.

Website: www.junktoclear.com.sg

"In the near term, our main priority will be to focus back to our basics, so as to return to profitability and stabilise our financial position."

Dear Shareholders,

2018 has been eventful. In our quest to expand and diversify our business model to strengthen our revenue base, we have stumbled and the desired outcomes had not been achieved which had led to the substantial losses as reflected in our 2018 results. In the process, our resources had fallen behind and these had led to lapses in our reporting and controls over our enlarged inventory holding.

We have learnt and have undertaken a number of initiatives in our road to recovery.

APPOINTMENT OF NEW EXECUTIVE CHAIRMAN AND DIRECTOR

With effect from 1st March 2019, I was appointed and took over the role of the Group's Executive Chairman and Director from the co-founder Mr Adam Low. I'm honoured to be able to join the Group as I believe that it has the potential to develop into a world-class company riding on the tailwinds of the data analytics trend. There is a huge amount of data created every day, but companies are presently not using it effectively and efficiently. With our data analytics capabilities, we can potentially help these companies make better use of their data to effectively market their products.

In my capacity, I bring along 19 years of extensive experience as the former Executive Director of the SGX-listed Wong Fong Industries Limited to help with the Group's strategic direction and growth and to provide mentorship and guidance to the management. I have invaluable experience in transforming a conventional engineering business into a public-listed industry leader. Through the years, I have worked with the senior management in the execution of Wong Fong Industries' overall strategic planning, business development, research and development as well as the human resource department. We have improved operational efficiencies through leveraging on greater economies of scale and harnessing of synergies with strategic partners, acquisitions and technological developments.

STRENGTHENING OF CORE BUSINESS

In the near term, our main priority will be to focus back to our basics, so as to return to profitability and stabilise our financial position. This will be achieved through a few key strategies with the aim to strengthen the core business of our Company:

- Focus on increasing sales of books which have higher margins and minimise our inventory risk. Given our growing relationships with new book publishers, we are also getting better terms from our suppliers, which are expected to be reflected in our gross margins for the year ahead.

- Consolidation of private label portfolio. We intend to decrease the number of private label products by 80% to focus on strong SKUs in selected categories. These selected categories will be led by developing innovative products to create stronger marketing synergies, and differentiated products that are more resilient to competition.

- Betting on growth with minimal investment. We will also be looking to monetise our data analytics capabilities through the provision of services such as market access to overseas brands, with data and digital marketing services in conjunction with partners, and channel access. This will provide the Group with an additional stream of high margin revenue, together with minimal increase in cost, as these offerings will rely on our current resources.

- Restructuring to improve operations and cost efficiency. The Group is looking to streamline its operations to reduce its core administrative expenses.

CREATING NEW REVENUE STREAMS

With our expertise in online retail data analytics and channel management, we are able to offer our tools and methodologies that led to the success of our business, as a service, to corporate clients who wish to gain market access and penetrate into the USA and Asian markets and thereafter establish both online and offline footprints.

LOOKING TO THE FUTURE

With our core capabilities and the kind of business that we are in, it is of no surprise that we have many synergies with potential strategic partners. Coupled with the fact that we are a public-listed company, we will be able leverage on these synergies and strengthen our position with further technological development as well as achieve growth through acquisitions in future.

ACKNOWLEDGEMENTS

We would like to take this opportunity to express our utmost gratitude to the management team, staff and business partners for their continued hard work and dedication. We would also like to thank our shareholders and suppliers for their patient support and continuing faith. With your continued support, we can only do better from this point onwards!

Thank you.

Mr Lew Chern Yong, Eric
Executive Chairman and Director
Y Ventures Group Ltd.

REVIEW OF FINANCIAL PERFORMANCE (CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME)

Revenue

The Group's revenue increased by approximately US$4.0 million or 27.9% from US$14.1 million in FY2017 to US$18.1 million in FY2018. The rise was mainly due to an increase from the sales of goods on online marketplaces.

The breakdown of revenue is as follows:

	The Group	
	FY2018	FY2017
Revenue	**US$**	US$
Sales of goods	**17,512,504**	13,614,896
Service income	**553,343**	507,963
	18,065,847	14,122,859

The increase in the sales of goods was mainly due to the books sales amounting to approximately US$14.6 million in FY2018 as compared to US$12.0 million in FY2017. This was the result of the successful onboarding of new books publishers in FY2018. Non-books sales accounted for the balance of US$2.9 million in FY2018 as compared to US$1.6 million in FY2017. The increase was mainly attributable to revenue contributed by the Group's subsidiary, Faire Holdings Pte. Ltd., which is involved in the Faire leather brand, and the increase in product sales on online market places in South East Asia.

The Group's revenue from service income is largely derived from our waste management services which have remained relatively stable.

Cost of sales

The costs of sales increased by approximately US$4.6 million or 55.6% from US$8.2 million in FY2017 to US$12.8 million in FY2018 mainly due to an increase in costs of products, logistics, inward freight and handling charges as well as allowance for obsolete inventories.

Gross profits

The Group's gross profits decreased by US$0.7 million or 11% from US$5.9 million in FY2017 to US$5.2 million in FY2018. The gross profit margin for FY2018 and FY2017 were approximately 28.9% and 41.6% respectively.

The decrease in the gross profit margins were mainly due to the Group reducing the selling price of books in FY2018 to gain market share in the various online market places. Additionally, the increased competition and the impact of the trade war resulted in pressures on gross profit margin for the Non-books category.

The gross profit margin for service income remained largely stable.

Other income

The other income increased by US$1.0 million or 781% from US$0.1 million in FY2017 to US$1.1 million in FY2018 mainly due to the divestment of the Company's shareholding interest in Luminore 8 Pte. Ltd. to approximately 20.0% which resulted a net gain on disposal of US$0.9 million.

Selling and distribution expenses

The selling and distribution expenses increased by US$2.0 million or 57.0% from US$3.3 million in FY2017 to US$5.3 million in FY2018. This was mainly due to a rise in the selling fees charged by the online market places, increased outward freight charges from the increase in sales as well as increased in marketing and advertising expenses incurred in gaining market share in the new online market places in South East Asia which the Group expanded into in FY2018.

Administrative expenses

Administrative expenses increased by US$1.5 million or 41.8% from US$3.5 million in FY2017 to US$5.0 million in FY2018 largely due to the one-off expenses which include allowance for doubtful receivable, bad debts written off and professional fees. The increase in professional fees were largely incurred by Luminore 8 before the divestment by the Group to approximately 20.0%.

The Group had expanded into new geographical areas, namely the People's Republic of China and Malaysia with a view to expand its business leading to the incurrence of one-time start-up costs and certain expenses that are not expected to recur moving forward.

Further, the Group had placed resources into R&D for the development of new brands/products and technology tools to embark on a supplementary services-based model for the e-commerce business.

Lastly, in order to support the expanded scope of business, the Group had increased its headcount which resulted in an increase in manpower cost from approximately US$1.5 million in FY2017 to US$2.3mil in FY2018.

Finance costs

Finance costs increase by US$56,115 or 276.1% from US$20,321 in FY2017 to US$76,436 in FY2018 mainly due to utilisation of credit facilities.

Loss after tax

The loss after tax in FY2018 of approximately US$4.0 million was mainly due to lower profit margin and higher selling and distribution as well as administrative expenses.

REVIEW OF FINANCIAL POSITION (STATEMENTS OF FINANCIAL POSITION)

Current assets

The current assets increased by 41.2% or US$3.4 million from US$8.2 million as at 31 December 2017 to US$11.6 million as at 31 December 2018 mainly due to the increase in inventories and cash and bank balances, offset by the decrease in trade and other receivables.

Inventories had increased as a result of the increase in books stocks in anticipation of higher sales in FY2019.

Non-current assets

Non-current assets increased by approximately 7.1% or US$110,127 as at 31 December 2018 as compared to 31 December 2017 mainly due to the addition of intangible assets and off set by depreciation of property, plent and equipment.

Current liabilities

The current liabilities increased by approximately 278.5% or US$6.6 million from US$2.4 million as at 31 December 2017 to US$9.0 million as at 31 December 2018. The increase was mainly due to suppliers extending credit to the Group due to the improvement in the working relationship as well as the Group having drawn on its credit lines to fund the increase in its books stock.

Working capital

The group had working capital of US$2.6 million as at 31 December 2018 as compared to US$5.9 million as at 31 December 2017. The decrease is attributable to higher borrowings and increase in trade and other payables, offset by the increase in inventories and cash and bank balances.

Shareholders' equity

The group's shareholders equity decreased by approximately 45.7% or US$2.9 million from US$6.2 million as at 31 December 2017 to US$3.3 million as at 31 December 2018 mainly due to the loss for the year which was offset by the issuance of shares pursuant to the placement of 5,000,000 new ordinary shares to R3 Asian Gems.

REVIEW OF CASH POSITION (CONSOLIDATED STATEMENT OF CASH FLOWS)

Net cash flow used in operating activities for FY2018 was US$2.4 million, comprising mainly operating cash flow before working capital of approximately US$3.5 million and offset by working capital inflow of US$1.3 million. The working capital inflow was largely due to increase in trade and other payables of US$5.6 million and offset by the increase in inventories of US$3.8 million. The net cash generated from financing activities of US$2.1 million was from the issuance of shares and proceeds from borrowings, offset by the repayment of mortgage loan and payment of interest on borrowings.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Mr Lew Chern Yong (Eric Lew)
Executive Chairman and Director

Mr Low Yik Sen
Managing Director

Mr Low Yik Jin
Chief Executive Officer and Executive Director

Mr Edward Tiong Yung Suh
Lead Independent Director

Ms Wong Sok Mei
Independent Director

Mr Ng Tiong Gee
Independent Director

AUDIT COMMITTEE
Ms Wong Sok Mei *(Chairman)*
Mr Edward Tiong Yung Suh
Mr Ng Tiong Gee

NOMINATING COMMITTEE
Mr Ng Tiong Gee *(Chairman)*
Mr Edward Tiong Yung Suh
Ms Wong Sok Mei

REMUNERATION COMMITTEE
Mr Edward Tiong Yung Suh *(Chairman)*
Ms Wong Sok Mei
Mr Ng Tiong Gee

COMPANY SECRETARY
Ms Wee Woon Hong, LLB (Hons)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
1 Lorong 2 Toa Payoh
#05-06 Braddell House
Singapore 319637
Telephone: (65) 6344 0105
https://yventures.com.sg

SPONSOR
RHT Capital Pte. Ltd.
9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619

INDEPENDENT AUDITOR
Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Partner-in-charge: Ms Tiang Yii
(A member of the Institute of Singapore Chartered Accountants)
(Appointed since the financial year ended 31 December 2017)

SHARE REGISTRAR
RHT Corporate Advisory Pte. Ltd.
9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619

BOARD OF **DIRECTORS**

LEW CHERN YONG (ERIC LEW)
Executive Chairman and Director
Appointed on: 1 March 2019

Eric Lew is our Executive Chairman and Director of the Group. He is responsible for driving the Group's strategic direction and growth, as well as providing mentorship and guidance to senior management. He is currently the Vice Chairman of the Waste Management and Recycling Association of Singapore. He started his career as an auditor with KPMG LLP after obtaining a Bachelor's Degree in Accountancy with a minor in Banking and Finance from the Nanyang Technological University in 1997.

LOW YIK JIN
Chief Executive Officer and Executive Director
Appointed on: 2 January 2013

Low Yik Jin, one of our co-founders, is our Chief Executive Officer and Executive Director. He is responsible for the overall day-to-day management of our Group including business strategy, online marketplace channel expansion, online sales and technology development. He has accumulated 15 years of experience in the e-commerce market since 2003 when he first sold second-hand books online. He grew our Group from a start-up to an e-commerce enterprise selling products across 20 online marketplaces today, with sales revenue of approximately US$18.1 million for FY2018. Low Yik Jin graduated from the University of Washington, USA in 2004 with a Bachelor of Science majoring in Applied and Computational Mathematics. He further obtained his Master in Business Administration (MBA) from Peking University, the PRC in 2010.

LOW YIK SEN
Managing Director
Appointed on: 2 January 2013

Low Yik Sen, one of our co-founders, is our Managing Director. He was re-designated from Executive Chairman and Managing Director of the Company to Managing Director of the Company on 1 March 2019. He is responsible for overseeing the logistics arm of our Group, focusing on sourcing and procurement, freight forwarding as well as waste management services. Low Yik Sen also serves as a committee board member at the Kembangan-Chai Chee Senior Activity Centre. Prior to founding our Group, Low Yik Sen spent six years with the Singapore Armed Forces. His experience during his time with the Singapore Armed Forces includes being a liaison officer with the Defence, Science and Technology Agency. He graduated with a Diploma in Electronics Engineering from Temasek Polytechnic, Singapore in 1999.

EDWARD TIONG YUNG SUH
Lead Independent Director
Appointed on: 29 May 2017

Edward Tiong is the Lead Independent Director and the Remuneration Committee Chairperson of our Group. He has been with Allen & Gledhill LLP since 1998 and is currently a partner in its Litigation & Dispute Resolution practice group, where his main areas of practice are corporate restructuring and insolvency, banking litigation, commercial litigation and property disputes. He has been lead counsel in several high-profile cross border restructuring matters and commercial disputes. He also provides legal advice to statutory boards, government-linked companies, major banks, corporate and financial institutions on schemes of arrangements and compromise, judicial management, liquidation, bond defaults and clawbacks. In litigation matters, he has represented major banks, as well as blue chip companies in private banking, construction, property, fraud, commercial disputes and fraud investigations. From 2010 to 2011, Edward Tiong served as an independent director and a member of the audit committee of Japan Land Limited, which was then listed on the Main Board of the SGX-ST. Edward Tiong graduated from the University of Hull with a Bachelor of Law (Honours) degree in 1996 and was called to the Singapore Bar in 1998. He is also a Fellow of the Insolvency Practitioners Association of Singapore Limited (IPAS) since 2008.

WONG SOK MEI
Independent Director
Appointed on: 29 May 2017

Wong Sok Mei is one of our Independent Directors and the Audit Committee Chairperson of our Group. She joined UL Verification Services Private Limited in 2017 as the Vice-President of the International Business Department. Prior to that, she was with Diageo GTME Pte. Ltd. (formerly known as Diageo Global Travel and Middle East Pte. Ltd.) since 2012 where she left as the Global Finance Director. Her main responsibilities at Diageo Travel & Middle East included financial planning and controlling, setting up the long-term strategic imperatives, finance analysis, as well as handling risk management, corporate governance and compliance matters. Prior to joining Diageo GTME Pte. Ltd., she was with Shell Eastern Petroleum (Pte) Ltd from 2008 to 2012 where she left as the Regional Finance Manager. From 2001 to 2008, she was the Regional Franchise Finance Manager at Johnson & Johnson group. She graduated with an Bachelor of Accountancy from Nanyang Technological University in 1995 and is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA).

NG TIONG GEE
Independent Director
Appointed on: 29 May 2017

Ng Tiong Gee is one of our Independent Directors and the Nominating Committee Chairperson of our Group. He is currently serving as a lead independent director of Pacific Radiance Ltd. since 2013 and as an independent director and chairperson of the remuneration committee of GYP Properties Limited (previously known as Global Yellow Pages Limited) since 2007. Both Pacific Radiance Ltd. and GYP Properties Limited are listed on the SGX-ST. From 2013 to 2016, Ng Tiong Gee served as Senior Vice-President of Resorts World at Sentosa Pte. Ltd., where he was overseeing and managing the Information Technology, Engineering and Estate Management departments. Between 2008 and 2013, he was the Chief Information Officer and Chief Human Resource Officer of United Test and Assembly Center Ltd. From 2001 to 2008, he was with STATS ChipPac Pte. Ltd. where he left as the Senior Vice-President of the Human Resources and Information Technology departments. He also currently serves as a member of the Electronics & Info-Tech Academic Advisory Committee of the Institute of Technical Education. He obtained a Masters in Business Administration (Accountancy) from Nanyang Technological University in 1999 and went on to complete the Advanced Management Programme at Harvard Business School in 2003.

JOSHUA HUANG THIEN EN
Chief Financial Officer

Joshua Huang is our Chief Financial Officer. He is primarily responsible for all finance activities and accounting operations, reviewing legal documents, liaising with external lawyers and providing financial strategic planning, budgeting and forecasting. Prior to joining our Group, he was a Manager (Business Development) at Sembcorp Urban Development. Joshua holds a Bachelor of Business Administration (First Class Honours) from National University of Singapore and a Masters in Accounting from Singapore Management University. He is also a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA).

LIM POH LIAN
Freight Manager

Lim Poh Lian is the Freight Manager of our Group. She has more than 12 years of experience in the logistics industry and joined our Group in 2012. Her main responsibilities include coordination, cross-border freight arrangements and being a liaison with last-mile fulfilment companies on rates and schedules. In addition, she manages all logistics by coordinating shipments and monitoring delivery statuses. Lim Poh Lian started her career back in 1997 with Hankyu International Pte. Ltd. as an export executive managing customer accounts and handling customer service matters. Subsequently, she joined Tokyu World Transport Pte. Ltd. from 2002 as a senior import supervisor. She was responsible for coordinating and monitoring shipments. Between 2004 to 2010, she was employed as a corporate manager with Pioneer Express International Pte. Ltd. Her main responsibilities include managing key customers such as Sandvik and D-Link. After which, she joined ASM Logistics Pte. Ltd. as the international freight manager where she handled customer service enquiries and logistics matters including freight quotations and monitoring shipments. Lim Poh Lian attained a GCE "O" Level certification in 1981.

LIM LI JIE
Data Analytics Manager

Lim Li Jie is the Data Analytics Manager of our Group. He has been with our Group since 2010 and is mainly responsible for implementing, improving and managing the data analytics capabilities of our Group, with a focus on the books publishing product category. His job responsibilities include fine-tuning the ordering process for the books publishing product category, setting up databases to store information gathered, as well as liaising with third party service providers who provide support to our Group's data analytics capabilities. He also works closely with Low Yik Jin, our Chief Executive Officer and Executive Director, to analyse the information from our Group's data analytics capabilities to analyse demand trends of our Group's books publishing product category, analyse consumer sentiments, market and price competition. Prior to joining our Group in 2010, Lim Li Jie started his career with NCS Pte. Ltd. in 2005 where he was responsible for end-to-end project management and performed key software maintenance for clients, including the Defence Science and Technology Agency. Lim Li Jie obtained his Bachelor of Computing from the National University of Singapore in 2004.

The Board of Directors (the "**Board**") of Y Ventures Group 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.

Guidelines of the Code	Corporate Governance Practices of the Group

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.

Guidelines of the Code	Corporate Governance Practices of the Group
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; and (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.	Apart from its statutory and fiduciary responsibilities, the primary functions of the Board are to perform their roles and responsibilities laid out under the Code and the Board's terms of reference. Please refer to Table A set out on pages 47 to 50 of this Annual Report for the composition and primary functions of the Board.
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.	The Board delegates the implementation of the business policies and day-to-day operations to the Executive Chairman and Director, Mr Lew Chern Yong, the Chief Executive Officer ("**CEO**") and Executive Director, Mr Low Yik Jin, and the Managing Director, Mr Low Yik Sen, as well as the Group's Management team. The Board has established a Nominating Committee ("**NC**"), a Remuneration Committee ("**RC**") and an Audit Committee ("**AC**") (collectively, the "**Board Committees**") to facilitate the discharge of their respective responsibilities. Each of the Board Committees 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 47 to 50 of this Annual Report for the composition and primary functions of the Board Committees.
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 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.	The Board meets regularly on a half-yearly 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 are scheduled in 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 and the record of attendance of each Director during FY2018 are set out in Table B at page 50 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 when Directors are unable to attend the meetings in person. The Board and Board Committees may also make decisions by way of written resolutions.

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.	The Board has adopted a set of internal guidelines setting forth matters that specifically require the Board's approval, which include: • Allotment and issuance of new shares in the Company; • Grant of share awards under the Performance Share Plan; • 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, capitalisation of loan due from subsidiaries and appointment of corporate representative; • Sales and purchase agreement and any other agreement entered on acquisition or disposal of assets outside the ordinary course of business; • Approving announcements, half-yearly and year-end financial results announcements for public release; • Conducting 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 Constitutions of the Company; and • Appointment of Directors, executive officer, auditors and Power 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.	All newly appointed Directors will undergo an orientation program to provide them with background information on the Group and industry-specific knowledge. 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 Baker Tilly TFW LLP, the Company's external auditors (the "**External Auditors**") briefs the AC on key amendments to the accounting standards.

	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.	The Directors continuously update themselves on new laws, regulations and changing commercial risks. 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 Singapore Institute of 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.	The Company has issued formal appointment letters and service agreement to all independent directors and non-executive director, and 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 two Executive Directors (one of which was also Executive Chairman), three Independent Directors and one Non-Executive Director. On 1 March 2019, Mr Lew Chern Yong was appointed as Executive Chairman and Director of the Company. On the same date, Mr Low Yik Sen was re-designated as Managing Director of the Company and Mr Benjamin Twoon resigned as Non-Executive Director of the Company. As such, the current board composition of the Company is as follows: Lew Chern Yong *(Executive Chairman and Director)* Low Yik Sen *(Managing Director)* Low Yik Jin *(Chief Executive Officer and Executive Director)* Edward Tiong Yung Suh *(Lead Independent Director)* Wong Sok Mei *(Independent Director)* Ng Tiong Gee *(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 Code of Corporate Governance 2018 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 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 Mr Benjamin Twoon, who was our Non-Executive Director, and a member of the RC. Mr Benjamin Twoon has resigned as a director of the Company on 1 March 2019. Please refer to Table A set out on page 47 to page 50 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 Chief Executive Officer (or equivalent) (the "**CEO**") 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.

As the Chairman of the Board during FY2018 and the CEO are brothers, the Company had complied and ensured that at least half of the Board comprises Independent Directors as at the end of FY2018. On 1 March 2019, Mr Lew Chern Yong was appointed as Executive Chairman and Director of the Company. On the same date, Mr Low Yik Sen was re-designated from Executive Chairman and Managing Director to Managing Director of the Company. 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 Code of Corporate Governance 2018 for independent directors to make up a majority of the Board where 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.

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.

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 each Independent Director is 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.

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.	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.
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.	The Board and the NC regularly examine the Board's size and, with a view to determine the impact of the number upon effectiveness, decide on an appropriate size for the Board, taking into account the scope and nature of the Group's operations. The Board and NC 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 are satisfied that the current size and composition of the Board are appropriate for the Group to facilitate independent and effective decision-making.
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.	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 and as of to-date, the Board comprised 1 female and 5 male Directors with diverse backgrounds such as legal, accounting, finance, and business management and strategic planning. Details of the Directors' academic and professional qualifications and other appointments are set out on pages 9 to 10 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.	During FY2018,the Independent Directors and the Non-Executive Director together confer regularly with the Executive Directors and Management to develop strategies for the Group, review the performance of Management, assess remuneration and discuss corporate governance matters.
2.8	To facilitate a more effective check on management, non-executive directors are encouraged to meet regularly without the presence of Management.	The Group's Independent Directors and Non-Executive Director had held periodic conference calls and/or meetings without the presence of Management in FY2018.

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 Group keeps the posts of Chairman and CEO separate. During FY2018, the then Executive Chairman, Mr Low Yik Sen, was responsible for overseeing the logistics arm of our Group, focusing on sourcing and procurement and freight forwarding, and works together with the CEO in scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations. The CEO, Mr Low Yik Jin, is responsible for the overall day-to-day management of the Group, including business strategy, online marketplace channel expansion, online sales and technology development. From 1 March 2019, Mr Lew Chern Yong assumed the role of Executive Chairman. He is responsible fro driving the Group's strategic direction and growth, as well as providing mentorship and guidance to the Management. Mr Low Yik Sen was redesignated as Managing Director and retained his current set of responsibilities. Mr Low Yik Sen and Mr Low Yik Jin are brothers. The Board is of the view that there is adequate accountability and transparency as Independent Directors make up 50.0% of the Board. The Board is able to exercise its power objectively and independently from Management. No individual or small group of individuals dominates the Board's decision making.

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 Chairman is primarily responsible for the effective working of the Board. The 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, 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 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.	Mr Edward Tiong Yung Suh is the Lead Independent Director of the Company as the previous Executive Chairman, Mr Low Yik Sen and the CEO, Mr Low Yik Tin are brothers. The Lead Independent Director avails himself to address shareholders' concerns and acts as a counterbalance in the decision-making process. Where necessary, the Lead Independent Director will chair meetings without involvement of the Executive Directors and provide feedback to the Chairman of the Board, to aid and facilitate well-balanced viewpoints on the Board.
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.	During FY2018, the Lead Independent Director met with the other Independent Directors and Non-Executive Director without the presence of the Executive Directors and the Management, where necessary, and the Lead Independent Director will provide feedback to the Chairman of the Board after such meetings.

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 k4ey 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 47 to 50 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:

(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.

In accordance with the Company's Constitution, one-third of the Directors (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at every annual general meeting of the Company. Any Director appointed by the Board during the financial year shall hold office only until the next annual general meeting. 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 Executive Chairman and 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.

Guideline 2.4 of the Code provides that the independence of Independent Directors serving for more than 9 years should be rigorously reviewed. The Board will take Guideline 2.4 of the Code into account when determining the re-appointment of the Independent Directors, if applicable.

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.

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 and is of the view that Mr Edward Tiong Yung Suh, Ms Wong Sok Mei and Mr Ng Tiong Gee are independent.

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 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.

All 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 Group.

In accessing 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 it is for each Director to assess his/her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The Board will consider this issue on a case-by-case basis.

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.	The Company does not have any alternate directors.
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.	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. 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 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, date of first appointment, date of re-appointment, and other relevant information are set out on pages 9 to 10 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 51 to 58 of this Annual Report.

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.

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 Directors.

No external facilitator was engaged by the Company in FY2018.

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 had conducted the Board's performance evaluation as a whole for FY2018 together with the performance evaluation of the AC, 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. 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. 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. 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 the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors.

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 at all times in carrying out their duties.

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 and where appropriate, with financial information, the explanations on the financial information, and the rationale for the key decisions taken by Management.

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.	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.
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.	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. The Company Secretary attends to corporate secretariat administration matters and advises the Board on governance matters. In addition, the Company Secretary (or her representatives), had attended all Board and Board Committee meetings of the Company in FY2018.
6.4	The appointment and the removal of the company secretary should be a matter for the Board as a whole.	The appointment and the removal of the Company Secretary are subject to the Board's approval.
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.	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, 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.	During FY2018, the RC, which terms of reference are approved by the Board, comprises four members, 3 are Independent Directors and 1 is a Non-Executive Director. The RC meets at least once a year. Please refer to Table A set out on pages 47 to 50 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 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 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. 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 have any such relationships with the company.

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 Directors 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. None of the RC members or Directors is involved in deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him/her or someone related to him/her.

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.

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 Directors and the Group's key management personnel, the RC considers the Executive Directors' 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.

The performance criteria for the Executive Directors and key management personnel have been met for FY2018.

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. 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.	Save for the Y Ventures Performance Share Plan which was adopted by the Company on 2 June 2017, the Company had no long-term incentive schemes during FY2018. No shares have been issued under the Y Ventures Performance Share Plan during FY2018.
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.	No Independent Directors nor Non-Executive Director have service agreements with the Company. They are paid Directors' fees, which are determined by the Board based on 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 see Table D set out on pages 58 to 59 for the detailed schedule of annual fees for Independent Directors being proposed to Shareholders.

8.5 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 Company has entered into separate service agreements with Mr Low Yik Sen and Mr Low Yik Jin for an initial period of three years commencing on 29 May 2017 which shall be automatically renewed on a three-year basis. Other than a fixed salary, Mr Low Yik Sen and Mr Low Yik Jin are also entitled to an additional variable performance related bonus that is designed to align their interests with those of the shareholders and link rewards to corporate and individual performance.

On 1 March 2019, the Company also entered into a service agreement with Mr Lew Chern Yong, its current Executive Chairman and Director, for an initial period of two years commencing on 1 March 2019, which shall be automatically renewed on a two-year basis. Other than a fixed salary, Mr Lew Chern Yong is also entitled to an additional variable performance related bonus that is designed to align his interest with those of the shareholders and link rewards to corporate and individual performance.

Their service agreements 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.

There were no incentives or any related payments paid to Mr Low Yik Sen and Mr Low Yik Jin for FY2018 as the criteria for the annual incentive bonus were not met as per their service agreements. In view of the restatement of the Company's half yearly financial results for the period up to 30 June 2018, the AC and NC are satisfied that no reclaims of incentives or any related payments are required.

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 58 to 59 for remuneration details for the Directors and key management personnel.

The Company has a lean management team with only three key management personnel (who are not also directors or 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	Please refer to Table D set out on pages 58 to 59 for remuneration details for the Directors and the CEO.
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.	Please refer to Table D set out on pages 58 to 59 for remuneration bands and details for the key management personnel. The Board believes that it is for the benefit of the Company and the Group that the remuneration of key management personnel (who are not Directors of the Company) is not disclosed in dollar terms, due to its sensitive nature and concerns of poaching. As the Company has a lean management team, such disclosures would be disadvantageous to the Company in relation to its competitors and may adversely affect the cohesion and spirit of team work prevailing amongst the employees of the Company.
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.	Save for Mr Low Yik Sen and Mr Low Yik Jin who are brothers, 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.	The Y Ventures Performance Share Plan was adopted pursuant to written resolutions passed by the then Shareholders on 2 June 2017. The Y Ventures Performance Share Plan is administered by Mr Edward Tiong Yung Suh, Ms Wong Sok Mei and Mr Ng Tiong Gee, and contemplates the award of fully paid shares, free of charge, when or after prescribed performance targets are achieved by the selected employees of the Group. No shares have been issued under this plan during FY2018.
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 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 Directors do not receive additional Directors' fees. The performance criteria used to assess the remuneration of Executive Directors and key management personnel is based on the profitability of the Group, leadership, as well as the Executive Directors' and key management personnel's compliance in all audit matters. There are currently no long-term incentives for the Executive Directors and key management personnel. The Executive Directors' and key management personnel's short-term incentives (namely the performance-related variable component) are recommended by the RC and approved by the Board. For FY2018, there was no payment of performance bonus to the Executive Directors.

Please refer to Guidelines 8.1 and 8.2 for further details regarding the Executive Directors' and key management personnel's remuneration.

The Independent Directors receive Directors' fees, in accordance with their contributions, taking into account factors such as effort, time spent and the individual responsibilities of the respective Directors. 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 provides a balanced and understandable assessment of the Group's performance, position and prospects in its annual financial statements and half-yearly and full year results announcements to Shareholders.
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 half-yearly basis and as and when required. All the Directors and executive officers 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 from time to time to enable the Board to make a balanced and informed assessment of the company's performance, position and prospects.	Management provides the Executive Directors with the management accounts on a monthly basis and Independent Directors are updated on half-yearly basis. The Board is of the opinion that the Management provides relevant information on a timely basis, comprehensive half-yearly 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. On 21 January 2019, the Company announced a restatement of its half-yearly financial results for the period up to 30 June 2018. Please refer to the announcement made on 21 January 2019 for further details. For FY2018, the Executive Directors, Low Yik Sen and Low Yik Jin and the Chief Financial Officer ("**CFO**") have provided assurance to the Board on the integrity of the Group's financial statements, subject to the matters highlighted under paragraph 6 of the section titled "Other Corporate Governance Matters - Internal Control Matters" on pages 46 to 47 of this Corporate Governance Report, as well as the outcome of the independent review by Deloitte & Touche Enterprise Risk Services Pte Ltd, as explained under Principle 11.3 below.

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 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 Crowe Horwath First Trust Risk Advisory 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 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.

The statutory auditors carry out statutory audits annually in accordance with their audit plan. Control observations noted during their audits and the auditors' recommendations are reported to the AC.

The internal audit function is outsourced to the Internal Auditor. They 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.

The Company has appointed an external professional firm, Deloitte & Touche Enterprise Risk Services Pte Ltd to conduct an independent review on, amongst others, the adequacy and effectiveness of the internal controls of the Group ("**Independent Review**"). Please refer to the Company's announcements on 21 January 2019, 30 January 2019, 1 February 2019 and 12 March 2019 for further details. Please also refer to page 46 to 47 for internal control matters which the AC wishes to highlight.

Based on internal controls established and maintained by the Group as at the date of this Annual Report, the works performed by the Internal and External Auditors, the reviews performed by Management and the various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective as at the date of this Annual Report, subject to the outcome of the Independent Review and save for the matters highlighted under paragraph 6 of the section titled "Other Corporate Governance Matters - Internal Control Matters" on pages 46 to 47 of this Corporate Governance Report.

The Board met four times during FY2018 and have continuously updated the AC on the developments of the Company. The CEO and CFO have also assured the Board that, subject to the outcome of the Independent Review and save for the matters highlighted under paragraph 6 of the section titled "Other Corporate Governance Matters – Internal Control Matters" on pages 46 to 47 of this Corporate Governance Report, internal controls are in place. The Board has also been updated on the internal control measures taken during FY2018 and up till the date of this Annual Report. Discussions between the Internal Auditors, External Auditors and the AC in the absence of Management have also further assured the AC that the internal controls established as at the date of this Annual Report are maintained for the operations of the business.

The Board has also received assurance from the CFO and CEO that for FY2018 and up till the date of this Annual Report, subject to the outcome of the Independent Review and save for the matters highlighted under paragraph 6 of the section titled "Other Corporate Governance Matters - Internal Control Matters" on pages 46 to 47 of this Corporate Governance Report:

(a) 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) 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 and supported by the AC, RC and NC. The Company sets acceptable risk management standards and periodically reviews the risks that the Group is subject to.

Audit Committee

Principle 12
The Board should establish an Audit Committee ("AC") 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 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.	The AC comprises three members, all of whom are Independent Directors. The AC members are appropriately qualified to discharge their responsibilities and functions under the terms of reference approved by the Board. It meets at least twice a year. Please refer to Table A set out on pages 47 to 50 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 related financial management expertise or experience, as the Board interprets such qualification in its business judgement.	The Board is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities. The Chairman Ms Wong Sok Mei, and the members Mr Edward Tiong Yung Suh and Mr Ng Tiong Gee have relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.
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 AC 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 AC 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 AC meets at least on a half-yearly basis to review the half yearly and full year results 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 AC 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 AC has discussed with 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 AC 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 Management and its Internal 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 AC reviews the scope of the External Auditors' audit plan and the effectiveness of the results from the independent audit. The AC also reviews the independence and objectivity of the External Auditors as well as the Group's compliance with 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 AC 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 AC 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. 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.	Non-audit fees incurred from the Company's External Auditors, Baker Tilly TFW LLP in FY2018 are disclosed in Note 7 to the financial statements. In compliance with Rule 1204(6)(b) of the Catalist Rules, the AC 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. It is the opinion of the AC that the nature and extent of non-audit services provided by the External Auditors do not affect the independence and objectivity of the External Auditors. Baker Tilly TFW LLP and its member firms are the auditors of all the Company's Singapore incorporated subsidiaries and foreign-incorporated subsidiaries. The Board and AC 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 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.	The Group has established a whistleblowing policy which provides the channel for employees of the Group and external parties to raise their concerns about improprieties in financial reporting or other matters to the AC Chairman, in good faith and in confidence. There were no whistleblowing reports received in FY2018. The procedures for whistleblowing have been circulated to the employees in their handbook. The procedures for whistle blowing are also saved under the Company's cloud-storage folders, which are accessible by the employees of the Company and its subsidiaries where they can call or email the AC Chairman directly on all matters. The follow up procedures regarding matters raised are also stated and whistleblowers are assured that all actions in good faith will not affect them in their work and staff appraisals.
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.	Please refer to the Group's practices in Guidelines 1.6 and 12.4.
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.	None of the AC members were previous partners or directors of the existing auditing firms within the previous 12 months and none of the AC 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 AC, in consultation with 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 AC.

The internal audit function of the Group was out-sourced to Crowe Horwath First Trust Risk Advisory Pte Ltd since FY2017. The Internal Auditors report primarily to the Chairman of AC and has unrestricted access to documents, records, properties and personnel of the Group. The AC reviewed the independence, adequacy and effectiveness of the Internal Auditors as required under Rule 1204(10C) of the Catalist Rules and determined that the Internal Auditors are independent, effective and adequately resourced.

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 AC in ensuring that the controls are adequate, effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. Since the internal audit function is out-souced, the AC will rely on the findings from the Internal Auditors to ensure the Company to maintain a system of internal controls, procedures and processes.

13.3	The internal audit function should be staffed with persons with the relevant qualifications and experience.	Because the internal audit function is out-sourced, the AC relies on the Internal Auditors to engage suitable personnel with the relevant qualifications and experience to carry out a yearly internal audit on the Group.
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.	Crowe Horwath First Trust Risk Advisory 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 AC 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.	The Company has adopted half-yearly results reporting since the half year ended 30 June 2017. 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.

Guideline	Company's practice
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 will be given the opportunity to raise questions to the Directors and the Management relating to the Company's business or performance. The Chairpersons of the AC, NC and RC, as well as the External Auditors, are 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.

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.

Guideline	Company's practice
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.	The Company does not have an Investor Relations Policy in place and there is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective. However, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Act. The Board will engage in investor relations activities to allow the Company to engage shareholders as and when it deems necessary and appropriate. 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.

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.
15.3 The Board should establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.	Both Executive and Independent Directors meet or speak with Shareholders regularly, primarily through general meetings of Shareholders, to gather their views and address concerns.
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 issue of payment of dividends is deliberated by the Board annually, having regards to various factors (e.g. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate). As the Company was in a loss-making position in FY2018, the Board has not declared any dividend for FY2018.

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 2 proxies; and (ii) Shareholders which are intermediaries (such as banks and capital markets services licence holders) providing custodial services may appoint more than 2 proxies to attend on their behalf, 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 at general meetings for each distinct issue.
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.	The respective chairpersons of the AC, RC and NC will, as far as possible, be present at the AGMs and EGMs to answer queries raised at the AGMs and EGMs. The External Auditors, Baker Tilly TFW LLP, are invited to attend the AGMs to address any Shareholders' queries about the conduct of their audits.
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.	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 upon request by Shareholders.
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.	In line with Catalist Rule 730A, with effect from 1 August 2015, all the resolutions will be voted by way of poll and 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

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

No material contracts of the Company or its subsidiaries involving the interests of the CEO or any Director or controlling shareholders of the Company exist at the end of FY2018.

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

The Company is required to comply with the requisite rules under Chapter 9 of the Catalist Rule issued by SGX-ST for interested person transactions. To ensure compliance with Chapter 9, the AC meets half-yearly to review if the Company will be entering into an interested person transaction in order to ensure that the interested person transactions are carried out on normal commercial terms and will not prejudicial to the interests of the Shareholders.

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. Dealing in Securities
[Catalist Rule 1204(19)]

In compliance with Rule 1204(19), the Group has adopted a Code of Conduct to provide guidance to Directors and executive officers 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 shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are also reminded regularly not to deal in the Company's shares during the period commencing one month before the announcement of the Group's half-yearly and annual financial results and ending on the date of announcement of those results.

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

No non-sponsor fees were paid to the Company's sponsor, RHT Capital Pte. Ltd. in FY2018.

5. Update on Use of Proceeds
[Catalist Rule 1204(22)]

The Proceeds from Initial Public Offering ("IPO")
The Company had raised gross proceeds amounting to S$7.7 million from the IPO.

As at the date of this report, and as announced by the Company on 28 February 2018, the use of the gross proceeds from the IPO is as follows:–

Use of IPO Proceeds	Amount allocated S$'000	Amount utilised S$'000	Amount unused S$'000
Business expansion through: • Research and development of data analytics capabilities • Expansion of product range • Expansion into new online marketplaces and new geographical locations • Advertising and promotion efforts	4,554	4,554	-
General working capital	1,019	1,019	-
IPO expenses borne by the Company	2,127	2,127	-
Total	**7,700**	**7,700**	**-**

The Company also received S$1.2 million from R3 Asian Gems as announced on 11 January 2018, 31 January 2018 and 5 February 2018 and the utilisation of the proceeds as at the date of this announcement is as follows:–

Use of IPO Proceeds	Amount allocated S$'000	Amount utilised S$'000	Amount unused S$'000
General working capital (comprising administrative expenses and purchase of products)	1,200	1,200	-
Total	**1,200**	**1,200**	**-**

6. Internal Control Matters

[Catalist Rule 1204(10)]

The Audit Committee wishes to highlight the following areas of material weaknesses in internal controls of the Group identified, as well as the steps taken to address them.

On 21 January 2019, the Company announced a restatement of its half-yearly financial results for the period up to 30 June 2018 ("**HY2018 Restatement**"). Following this, as announced on 12 March 2019, the Company has appointed an external professional firm, Deloitte & Touche Enterprise Risk Service Pte. Ltd. to conduct an independent review on, amongst others, the adequacy and effectiveness of the internal controls of the Group ("**Independent Review**"). Please refer to the Company's announcements on 21 January 2019, 30 January 2019, 1 February 2019 and 12 March 2019 for further details on the HY2018 Restatement and the scope of the Independent Review. The following steps taken to address the material weaknesses identified are subject to the outcome of the Independent Review. The Independent Review is still ongoing and the Company will provide further updates to Shareholders when there are material developments in relation to the Independent Review.

Areas of material weakness	Steps taken to address material weakness
Entry of incorrect unit costs for inventories as at 30 June 2018*	The Company had developed an in-house computerised Inventory Management System that is able to track all transactions (receiving of goods, sales, returns etc) on online marketplaces on an hourly basis. This will improve accuracy in assignment of cost for first-in-first-out accounting purposes and reduce the risk of clerical errors arising from incorrect unit costs being manually keyed in.
Understatement of administrative expenses arising from intercompany transactions*	Consolidation of accounts is now done on a monthly basis and this will enable the Management to detect any discrepancies in a more timely manner. The Management will also ensure that all intercompany transactions and balances are properly reconciled and eliminated.
Insufficient manpower and expertise in the Finance and Accounting department to handle the increased transaction volume and business operation expansion*	The Company had increased the manpower in its Finance and Accounting Department to six, in tandem with its growth in transaction volume and business operations. Out of the team of six, two are Certified Public Accountants (CPA) and two are in the process of obtaining their CPA.
Accuracy, existence and valuation of inventories for JustNile Pte. Ltd.	The Board and AC noted the audit qualification by the Company's external auditor as reported in their auditor's report for the financial year ended 31 December 2018 on this matter. The inventories of JustNile Pte. Ltd. are non-books in nature. The AC has recommended Management to purchase a new inventory system that tracks the unit cost of each of the stock keeping unit and account for them on a first-in-first-out basis in order to be consistent with the Group's inventory accounting policy. The AC has also recommended Management to reduce the volume of purchases within the non-books division to channel their efforts towards growing the books division so as to minimise inventory risk.

Policies and procedures should be formally established	As set out in the internal audit report by the Internal Auditors, there were no formal written policies and procedures established for the following processes: (i) Investment Management; (ii) Cash Receiving and Depositing (part of Cash Management); and (iii) Petty Cash Management. The Group is in the process of formalising these policies and procedures (inclusive of Financial Reporting and Property, Plant and Equipment), and is in the process of engaging an independent professional firm to assist with this. In addition, the Company will also be formalising the written policies and procedures on the existing controls surrounding sales, receivables and collection, as well as inventory management which is in place prior to the initial public offering of the Company.

* These material weaknesses were previously disclosed by the Company in an announcement on 30 January 2019. Please refer to the Company's announcement on 30 January 2019 for further details on these.

TABLE A

Board comprises:-

Lew Chern Yong*	(Executive Chairman and Director)
Low Yik Sen#	(Managing Director)
Low Yik Jin	(Chief Executive Director and Executive Director)
Edward Tiong Yung Suh	(Lead Independent Director)
Wong Sok Mei	(Independent Director)
Ng Tiong Gee	(Independent Director)
Twoon Wai Mun, Benjamin^	(Non-Executive Director)

* Mr Lew Chern Yong was appointed as Executive Chairman and Director of the Company on 1 March 2019.
\# Mr Low Yik Sen was re-designated as Managing Director of the Company on 1 March 2019.
^ Mr Twoon Wai Mun, Benjamin resigned as Non-Executive Director of the Company on 1 March 2019.

The primary functions of the Board include:-

1. 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;
2. 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;
3. review management performance;
4. identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;
5. set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
6. consider 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.

Audit Committee comprises:-

Wong Sok Mei	(Chairman, Independent)
Edward Tiong Yuh Suh	(Member, Independent)
Ng Tiong Gee	(Member, Independent)

The AC performs the following main functions:-

1. review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
2. review the audit plan of the external auditor;
3. review with the external auditor, his evaluation of the system of internal accounting controls;
4. review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditor, and to review with the external auditor, his audit report.
5. where the external auditor also supply a substantial volume of non-audit service to the Company, review the nature and extent of such services to maintain the balance of objectivity and value for money;
6. review the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval;
7. review the assistance given by the Company's officers to the external auditor
8. review the independence of the external auditor annually;
9. consider the appointment and re-appointment of the external auditor and approve the remuneration and terms of engagement of the external auditors;
10. review and discuss with the external auditor any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Company's response;
11. 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 either in-house, outsourced to a reputable accounting/auditing firm or performed by major shareholder, holding company, parent company or controlling enterprise with an internal audit staff;
12. review the scope and results of the internal audit procedures;
13. annually ensure the adequacy of the audit function;
14. ensure that a review of the adequacy and effectiveness of the Company's internal controls, including financial, operational and compliance controls, and risk management is conducted at least annually;
15. meet with the external and internal auditors without the presence of the Management at least once a year;
16. commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal weakness (if any);
17. review interested person transactions and potential conflicts of interest;
18. commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our operating results and/ or financial position;
19. review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters ("Whistle Blowing") and to ensure that arrangement are in place for the independent investigation of such matters and for appropriate follow up action; and
20. undertake such other reviews and projects as may be requested by the Board, and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC.

Nominating Committee comprises:-

Ng Tiong Gee	(Chairman, Independent)
Edward Tiong Yuh Suh	(Member, Independent)
Wong Sok Mei	(Member, Independent)

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

1. regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendation to the Board with regard to any changes;
2. make recommendations to the Board on all board appointments having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors);
3. determine annually whether a Director is independent;
4. decide whether a Director is able to and has adequately carried out his duties as a director of the Company in particular where the Director concerned has multiple board representations. Where possible, the NC shall formulate internal guidelines that can address the competing time commitments that are faced when directors serve on multiple boards;
5. decide on how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, that allow comparison with its industry peers, should be approved by the Board and address how the Board has enhanced long term shareholders' value. These performance criteria should not be changed from year to year and where circumstances deem necessary for any of the criteria to be changed, the onus should be on the Board to justify such changes;
6. give full consideration to succession planning for directors, in particular, the Chairman and CEO and recommend to the Board;
7. review the results on board performance evaluation process that relate to the composition of the Board;
8. review and make recommendation to the Board concerning membership of the various Board committees, in consultation with the Chairmen of those Committees; and
9. review training and professional development programs for the Board.

Remuneration Committee comprises:-

Edward Tiong Yung Suh	(Chairman, Independent)
Wong Sok Mei	(Member, Independent)
Ng Tiong Gee	(Member, Independent)
Twoon Wai Mun, Benjamin*	(Member, Non-Executive)

* Mr Twoon Wai Mun, Benjamin resigned as Non-Executive Director of the Company and ceased as member of the Remuneration Committee on 1 March 2019.

The functions of the RC are as follows:-

1. review and recommend the framework of remuneration for the executive directors and key management personnel with a view to structure the remuneration for the executive directors and key management personnel so as to link rewards to group or corporate and individual performance, to align their interests with those of shareholders and give these Directors keen incentives to perform at the highest levels;
2. review the terms of appointment and remuneration of the executive directors and key management personnel of the Company and when deem appropriate to make any recommendation in relation thereto;

3. review and recommend to the Board the terms of renewal for those executive directors and key management personnel whose current employment will expire or had expired;
4. review the remuneration of employees who are related to Directors or Substantial Shareholders annually to ensure that their remuneration package are in line with the Company staff remuneration guideline and to commensurate with their respective job scope and level of responsibility;
5. review the compensation package of the non-executive directors;
6. consider the various disclosure requirements for Director's remuneration, particularly those required by regulatory bodies such as the Singapore Exchange Securities Trading Limited, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;
7. retain such professional consultancy firm as the committee may deem necessary to enable it to discharge its duties hereunder satisfactorily;
8. consider long-term incentives schemes for executive directors and key management personnel and review eligibility for benefits of executive directors and key management personnel under long-term incentive schemes; and
9. carry out such other duties as may be agree to by the RC and the Board.

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

	FY2018							
	Board of Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nominating Committee Meetings	
Name of Director	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Low Yik Sen	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Low Yik Jin	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Edward Tiong Yung Suh	4	4	2	2	1	1	1	1
Wong Sok Mei	4	3	2	1	1	1	1	1
Ng Tiong Gee	4	4	2	2	1	1	1	1
Twoon Wai Mun, Benjamin*	4	3	N/A	N/A	1	1	N/A	N/A

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

* Mr Twoon Wai Mun, Benjamin resigned as Non-Executive Director of the Company and ceased as member of the Remuneration Committee on 1 March 2019.

TABLE C

Mr Lew Chern Yong, Mr Low Yik Jin and Mr Edward Tiong Yung Suh, are the Directors seeking re-election at the forthcoming annual general meeting of the Company under Ordinary Resolution Nos. 2 to 4 as set out in the Notice of AGM dated 12 April 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 Rule is set out below:

Name of Directors	Lew Chern Yong	Low Yik Jin	Edward Tiong Yung Suh
Date of Appointment	1 March 2019	2 January 2013	29 May 2017
Date of last re-appointment (if applicable)	Not applicable	26 April 2017	24 April 2018
Age	45	38	47
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After reviewing the recommendation of the Nominating Committee and their respective qualifications and relevant work experience, the Board approved: Mr Lew's re-appointment as Executive Chairman and Director of the Company	Mr Low's re-appointment as Chief Executive Officer and Executive Director of the Company	Mr Edward's re-appointment as Lead Independent Director.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Lew is responsible for driving the Group's strategic direction and growth, as well as providing mentorship and guidance to the Management	Executive. Mr Low is responsible for the overall day-to-day management of our Group including business strategy, online marketplace channel expansion, online sales and technology development.	Non-Executive.
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Director	Chief Executive Officer and Executive Director	Lead Independent Director Remuneration Committee Chairman Audit Committee Member Nominating Committee Member

Name of Directors	Lew Chern Yong	Low Yik Jin	Edward Tiong Yung Suh
Professional qualifications (if any)	None	None	1. Advocate and Solicitor of the Supreme Court of Singapore 2. Fellow of the Insolvency Practitioners Association of Singapore Limited
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	None	Sibling of Mr Low Yik Sen (Managing Director of the Company).	None
Conflict of interest (including any competing business)	None	None	None
Working experience and occupation(s) during the past 10 years	September 2003 to February 2019: Executive Director, Wong Fong Industries Limited July 2000 to June 2002: Program Executive, TOUCH Community Services Limited July 1997 to April 2000: Audit Senior, KPMG Services Pte. Ltd.	2007 to Present: CEO and Executive Director, Y Ventures Group Ltd.	1998 to Present: Partner, Allen & Gledhill LLP
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6)	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	None.	Direct Interest: 71,115,000 ordinary shares Deemed Interest: 2,750,000 ordinary shares	Direct Interest: 50,000 ordinary shares

Name of Directors	Lew Chern Yong	Low Yik Jin	Edward Tiong Yung Suh
Other Principal Commitments including Directorships	Past (for the last 5 years)		
	1. Advance China Engineering Pte. Ltd. 2. Ascend Venture Pte. Ltd. (Struck off on 9 March 2017) 3. Ascendo Consulting Pte. Ltd. 4. Ascendo International Holdings Pte. Ltd. 5. CE Asia Heavy Equipment Pte. Ltd. 6. CE Asia Heavy Machinery Sdn Bhd 7. CE Asia Holdings Pte. Ltd. 8. Overboost Tuning Pte. Ltd. (Struck off on 17 March 2016) 9. Palfinger Marine Pte. Ltd. (Amalgamated on 1 October 2015) 10. Vanda Electrics Pte. Ltd. 11. WFVen Pte. Ltd. 12. Wong Fong Academy Pte. Ltd. 13. Wong Fong Engineering Works (1988) Pte Ltd 14. WFRIC Shenzhen Co., Ltd	1. The Mandarin School Pte. Ltd. (Struck off on 6 November 2017) 2. Fastport Global Freight Pte. Ltd. (Struck off on 6 November 2017) 3. Luminore 8 Pte. Ltd. 4. Buyback Asia Pte. Ltd. (Struck off on 20 February 2015)	None.

Name of Directors	Lew Chern Yong	Low Yik Jin	Edward Tiong Yung Suh
Other principal commitments including directorships		Present	
	1. Chimpworld Pte. Ltd. 2. Jimmy Lew Holding Pte. Ltd. 3. Wong Fong Investments Pte. Ltd. 4. Wong Fong Industries Limited 5. WFRIC HK Limited – In the process of deregistration	1. Avalon Worldwide Group Ltd 2. Evermint Pte. Ltd. 3. Faire Holdings Pte. Ltd. 4. Jaykin Distribution (India) Private Limited 5. JustNile Pte. Ltd. 6. JustNile (SEA) Pte. Ltd. 7. JustNile Distribution Ltd. 8. JustNile Holdings 9. JustNile Inc 10. JustNile Malaysia Sdn. Bhd. 11. JustNile UK Pte Ltd 12. JaeJin Pte. Ltd. 13. LYJ International Pte. Ltd. 14. Skap Logistics Pte. Ltd. 15. Skap Waste Management Pte. Ltd. 16. Y Ventures Inc.	1. Turnaround Management Association Singapore and South East Asia Ltd.

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.

(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

Name of Directors		Lew Chern Yong	Low Yik Jin	Edward Tiong Yung Suh
(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
(c)	Whether there is any unsatisfied judgment against him?	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(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

Name of Directors		Lew Chern Yong	Low Yik Jin	Edward Tiong Yung Suh
(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
(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
(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
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-	No	No	No

Name of Directors	Lew Chern Yong	Low Yik Jin	Edward Tiong Yung Suh
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(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
(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
(k) Whether he has been the subject of any **current or past** investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

Disclosure applicable to the appointment of Director only.

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 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 (%)
S$250,001 to S$500,000					
Low Yik Sen	100	-	-	-	100
Low Yik Jin	100	-	-	-	100
Below S$250,000					
Edward Tiong Yung Suh	-	-	100	-	100
Wong Sok Mei	-	-	100	-	100
Ng Tiong Gee	-	-	100	-	100
Twoon Wai Mun, Benjamin	-	-	100	-	100

* The salary amount shown is inclusive of Central Provident Fund ("CPF"), all fees other than directors' fees and other emoluments.

(b) Remuneration of Key Management Personnel

Name of Key Management Personnel	Salary* (%)	Bonus (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
Below S$250,000					
Mr Chin Ngai Sung#	100	-	-	-	100
Ms Lim Poh Lian	100	-	-	-	100
Mr Lim Li Jie	100	-	-	-	100
Mr Joshua Huang Thien En^	100	-	-	-	100

* The salary amounts shown are inclusive of CPF.
# Mr Chin Ngai Sung resigned as Chief Financial Officer of the Company on 1 September 2018.
^ Mr Joshua Huang Thien En was appointed as Chief Financial Officer of the Company on 1 September 2018.

The total remuneration of each Director and key management personnel has not been disclosed in dollar terms given the sensitivity of remuneration matters and competitive reasons.

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

No shares have been issued under the Company's performance share plan 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 CEO whose remuneration exceeds S$50,000 in FY2018.

BOARD STATEMENT

Dear Stakeholders,

In this report, stakeholders can find disclosures on our sustainability efforts, progress and targets towards achieving a sustainable business.

As we look towards the near future, media channels and routes reaching out to our customers have become increasingly fragmented. Consumer's behaviour is also changing, with higher importance being placed today on product authenticity and quality. We operate in this constant flux environment; therefore, we need to focus on our ability to differentiate ourselves with our enhanced data analytics capabilities to increase our outreach channel and product variety. In addition, we managed to clinch the exclusive distribution rights from Beast Kingdom Co Ltd, a licensee for official Disney products in Asia, to act as its exclusive online distributor in South-east Asia for three (3) years. With the use of data analytics to augment product selection, optimise online marketing, ensure end-to-end delivery and handle after-sales support, we strive towards becoming the largest retailer in the region.

Our sustainable business strategy focuses our efforts in areas where we believe Y Ventures can make the greatest impact on. We have worked with Info-communications Media Development Authority ("**IMDA**") of Singapore to offer data analytics and e-commerce training programs for fresh and mid-level professionals with the aim of aiding the community to reskill and upgrade themselves. Concurrently, we also offer internship opportunities to tertiary institutes giving them an exclusive insight into the e-commerce industry.

Within the community, we have a duty to create better and more equal societies. Enabling positive social outcomes is integral to what we do and our approach to sustainable business ensures that we are committed to aligning our business goals with the delivery of societal benefits. Our culture of having an inclusive work environment has been recognised with the Enabling Employers Award by SG Enable for our support to persons with disabilities.

The role of sustainability has increased in importance amongst our employees who expressed that they are keen to work for companies with a higher purpose. At Y Ventures, we have a great participative culture to motivate employees to create innovative solutions to complex data analytics problems. Furthermore, employees are granted greater exposure to analytical tools through upgrading courses. Skilled, engaged employees have a direct impact on our business success, which is why we want to create a great place to work for all our employees.

Looking ahead to 2019, I relish the prospect of our business playing an important role in building a better community and a purpose-led sustainable business.

For and on behalf of the Board of Directors
Mr Lew Chern Yong, Eric
Executive Chairman and Director
Y Ventures Group Ltd.

ABOUT THIS REPORT

Y Ventures Group Ltd ("Y Ventures"), a data analytics driven, e-commerce retailer and distributor, is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (Stock Code -SGX:1F1).

The scope of this report covers the financial year from January to December 2018, in line with this annual report. Our sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI) Core standards. Unless otherwise stated, the report covers the environmental, social and governance ("**ESG**") performance of the Group and its subsidiaries in Singapore, Taiwan and United States of America. This report forms part of Y Venture's Annual Report FY2018 and can be viewed or downloaded from http://yventures.com.sg/investor/. As part of our continued efforts to improve our reporting, we welcome stakeholders to submit their feedback to invest@yventures.com.sg.

2018 OVERVIEW

2nd
year of reporting

$3,043
donations made

280
man-hours invested in training our employees

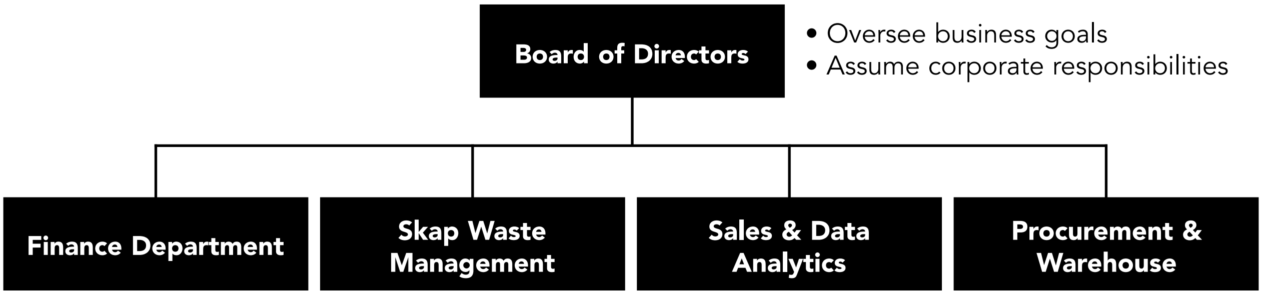
688
tons of metal waste recycled

67
donated to Books for Africa movement

$9,300
Sponsorships and Scholarships made

OUR SUSTAINABILITY TEAM

The Corporate Sustainability Agenda is spearheaded by the Board of Directors and executed by the respective Division Heads in the Group.



OUR SUSTAINABILITY STRATEGY

Roles

The Board of Directors shall oversee and provide input to management on Company's policies, strategies, and programs related to matters of Sustainability and Corporate Social Responsibilities.

Performance Goals & Feedback

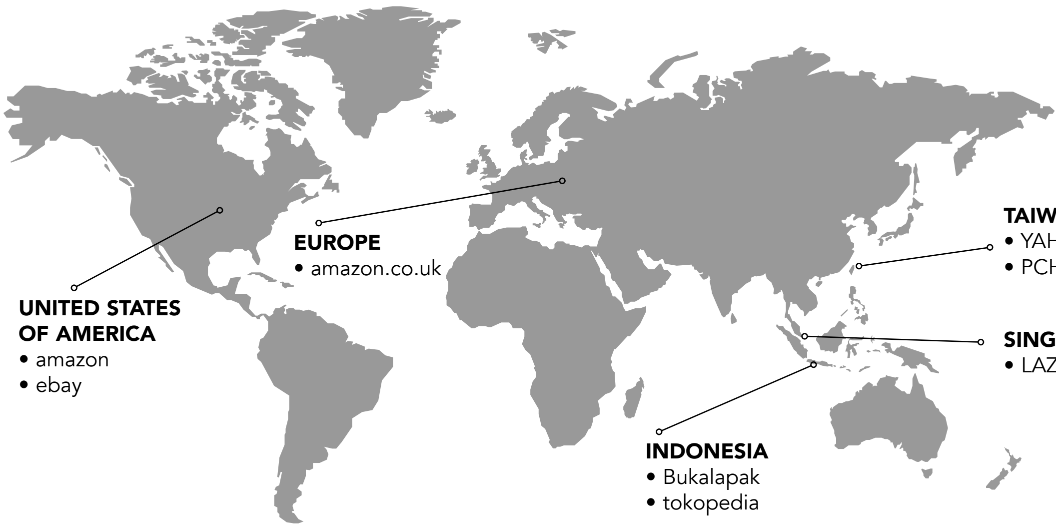
The Committee shall set and review goals establish for its sustainability performance. The Committee will conduct periodic dialogues to engage key stakeholders on the Company's business activities and performance.

Reporting and Disclosure

The Committee shall review sustainability and corporate responsibility reports issued from time to time by the Company.

STAKEHOLDER ENGAGEMENT

Our Global Presence



We recognise the importance of close collaboration with our key stakeholders in order to achieve a sustainable business goal. In Y Ventures, we analyse the various stakeholders and understand their viewpoints. We also actively communicate with them to align our expectations and goals. Ultimately, we aim towards reaching a sustainable outcome.

Stakeholder	Platforms	Frequency	Key Feedback/ Issue	Commitments to Sustainability
Employees	Performance evaluation	Annual	• Employee safety and welfare • Staff training and development opportunities • Work-life balance • Remuneration and benefits • Fair and competitive employment practices	• Provide fair and equal opportunities to all employees • Rewarding performance • Create a safe and cohesive working environment
	Flexible working hours	Ad-hoc		
	Staff Training	Ad-hoc		
Investors and Media	Annual / extraordinary general meetings	Annual	• Return on investment • Business growth • Business strategy and outlook • Risk management • Corporate governance • Compliance to listing requirements • Sustainability performance and reporting standards • Timely and transparent reporting	• Strive to generate sustainable long-term returns on investment • Adhere to timely and transparent dissemination of accurate and relevant information to the market
	Financial results announcements	Half Yearly		
	SGX announcements, media release and interviews	Ad-hoc		
	Annual report, sustainability report	Annual		
	Company website	Perpetual		

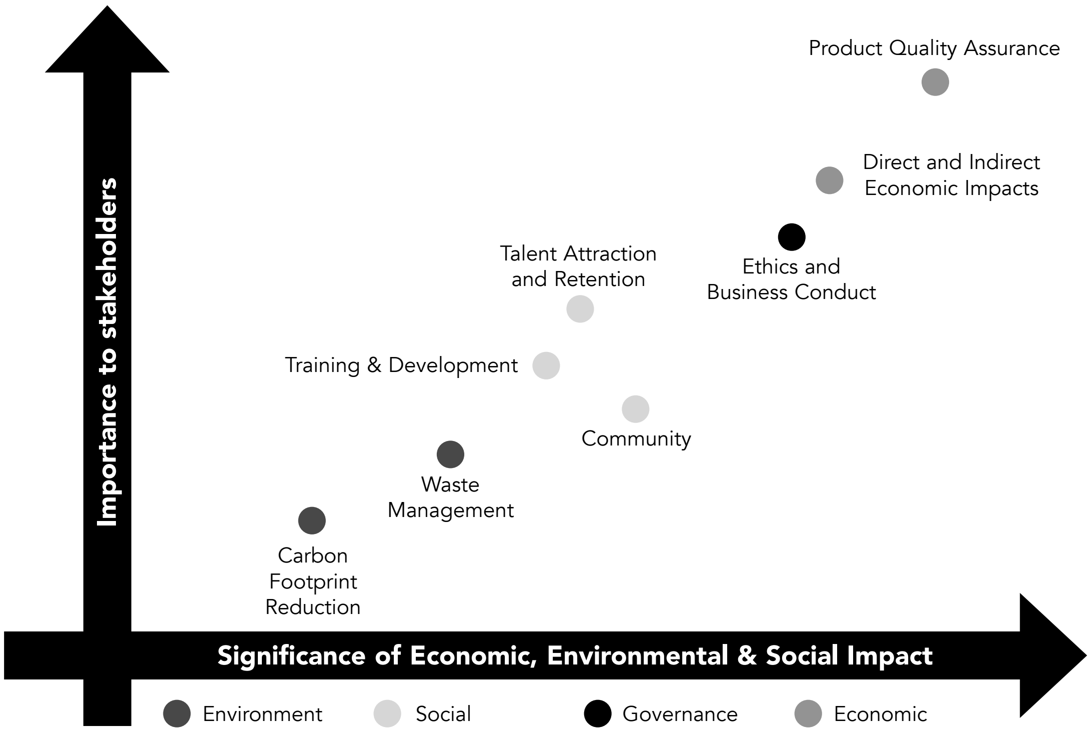
Stakeholder	Platforms	Frequency	Key Feedback/ Issue	Commitments to Sustainability
Suppliers and Service Providers	Sharing of product feedback and analysis through the channel management Markets suppliers' products through various online platforms Supplier evaluation	Perpetual Perpetual Perpetual	• Supplier management • Provide suppliers a greater market opportunity across the globe • Prompt provision of customer data analysis for supplier – customer demographics, sales, trends and feedback on the product	• Providing valuable insights to suppliers • Building long-term and successful relationships • Improve the transparency of our supply chain to meet industry's best practices
Online Marketplace Operators	Sending channels team to build rapport	Ad-hoc	• Establishing and nurturing strong relationships • Obtain exclusive rights to sell on different channels • Negotiate terms with operators through exchange of sales resources (data analytical tools)	• Granted favourable terms by operators through strong relationships – frequency of remittance of payment, special featuring of Group's products • Generating long-term sustainable returns
Government/ National Agencies	Sustainability report Government training workshops, regulatory meetings Partnership with IMDA to provide training on data analytics Attending trade conferences	Annual Annual Ad-hoc Ad-hoc Ad-hoc	• Stakeholder programs to advocate greener operator behaviour • Providing training and skill-upgrading • Opportunity to recruit new talent to be part of the team	• Strict compliance with relevant laws and regulations • Encouraging life-long learning for mid-career change and skill-upgrading • Attracting investments into Singapore • Understand and support initiatives by the government
The Community	Sustainability report Charity Internships, Scholarships and alma mater sponsorships	Annual Ad-hoc Annual	• Advocating sustainable practices • Contributing back societal through donation of well-condition furniture • Providing an insight for students into the e-commerce industry	• Mitigate impacts on community • Provide support for local initiatives • Contribute to environmental cause through increase in recycling efforts
Customers	Feedback channel through online marketplace operators Quality assurance inspections	Perpetual Perpetual	• Ensuring consistency in quality of merchandises sold to customers • Creating a connection with customers	• Generating long-term sustainable returns through customer confidence for Group's high standards of products

MATERIALITY ASSESSMENT

Through various engagement sessions involving the Management (Chief Executive Officer, Chief Financial Officer and various heads of departments) and the Board of Directors, we have considered and assessed the topics that the Group as a whole and its stakeholders are concerned about, as well as those that can potentially impact the long-term sustainability of our business. Our approach to materiality assessment aims to follow the reporting principles of:

1. Stakeholder Inclusiveness
2. Sustainability Context
3. Materiality (Impact)

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



MATERIALITY TOPIC – AT A GLANCE

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

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

Our review focuses on four (4) key aspects with eight (8) identified material topics. For each material topic, we report on the relevance of it to our business and stakeholders, and the measures in place to address it.

Material Topic	Relevance	How are we addressing the issue
	Governance Dimensions	
Business Ethics and Anti-Corruption	We believe that upholding our reputation and fostering stakeholders' trust in our business is fundamental to our growth as a company. Therefore, we are committed to building a positive corporate image through exemplary corporate governance and business ethics.	We have zero tolerance towards corruption and fraud. Our employees are constantly reminded to make disclosures in event of conflicted duties or interest.
	Economic Dimensions	
Product quality assurance	Delivering quality products ensures that customers continue to choose our brand over the competition. Therefore, it is in our interest to provide customers with products of the highest quality.	We monitor customer feedback on our channels and ensure our product traits matches customer demand and market fit to the customer segment. In addition, we are committed to upholding high standards of product quality on all our merchandises through detailed quality control inspections. We engage external product quality inspectors whenever necessary.
Direct and indirect economic impact	Being part of a larger community and business value chain, the growth of the economy and community is essential for our long-term growth. With this win-win relationship in mind, we seek ways to contribute to our community economically to ensure the sustainability of our business.	We strive to have a long-term economic value creation for our stakeholders by building a sustainable business model and brand. We are broadening our global presence to provide greater product range to our customers. In FY2018, we have 20 channels and 64 brands offering to our customers.

Social Dimensions		
Talent attraction and retention	We acknowledge that our ability to attract and retain talents is crucial to the operations of our business. High employee turnover increases hiring expenses and has a negative impact on the Group's morale. Our commitment to talent retention and development provides growth opportunities for workers.	We are committed to recruiting employees based on merit. We work closely with academic institutions and government organisation to shortlist talents who can provide value-add to our Group. Employees are given a wide range of benefits such as flexible work hours and medical insurance. As at FY2018, we have 16 employees working on a part-time basis.
Training and development	We value employees as our big family. We are committed to ensuring the continuous growth of our organisation by giving the opportunity to personal growth and development.	In FY2018, we provided 280-Man hours of in-house training on employees. Primarily, we focus on providing data research, operational and localisation training to prepare them for the e-commerce industry. Concurrently, we sent five (5) of our employees to professional courses hosted by Rapidstart for Data Specialist Certification. We believe employees can gain professional insights and transferable skills to our company.
Community	After benefitting from the support of our community, we hope to create a virtuous cycle of growth for everyone in the community we are in.	We work closely with tertiary institutes, especially polytechnics, to offer e-commerce data analytics internship for students. In FY2018, we have enrolled 15 interns from the field of Business and Information System. We are also proud sponsors of the SUTD ISTD Business Analytics Excellence Award 2018. We are committed to contributing to the grooming of future generations.

Environmental Dimensions		
Waste management	The increasing cost of waste treatment and resources have a significant impact on the long-term viability of our business. Therefore, it is vital that we optimise our resource efficiency.	We are seeking an optimal solution to minimise unnecessary waste disposal. Functional waste can be recycled or donated to our self-initiated furniture donation drive. This initiative allows us to contribute to society while improving our cost of operation.
Carbon footprint reduction	We recognise that investing in energy conservation not only reduces our carbon footprint but also makes business sense in cost savings. Therefore, we are committed to taking measures to minimise our overall energy consumption and improve energy efficiency so as to reduce the environmental impact of our operations.	We place great emphasis on reducing our carbon footprint in our business operations. Our warehouse utilises natural light by raising the warehouse shuttle to reduce electricity consumption, and the temperature of the air conditioner in offices are set at 25 degrees.

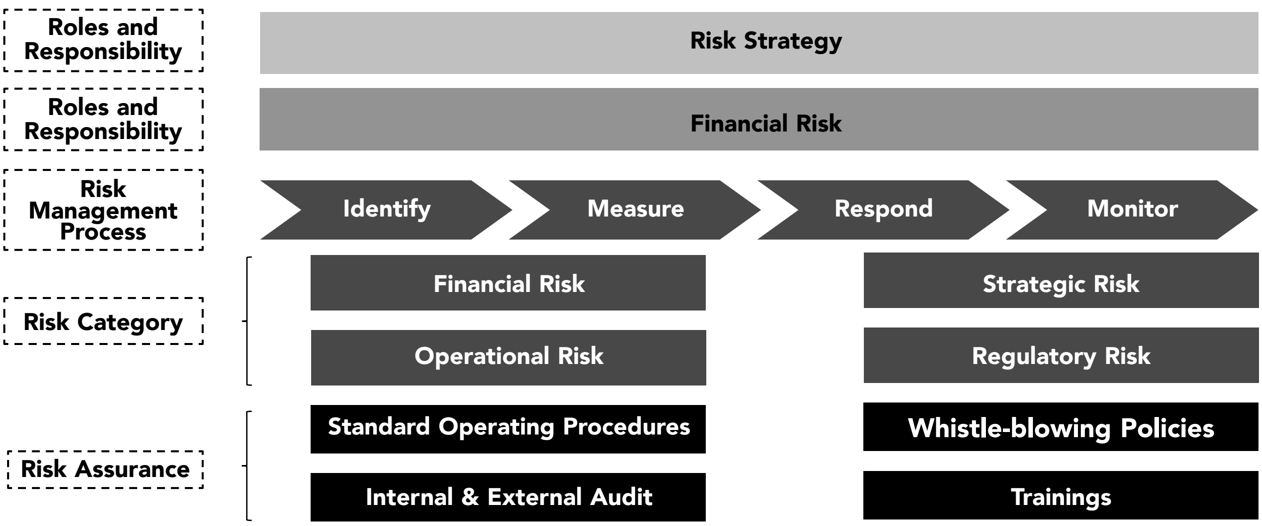
GOVERNANCE

ENTERPRISE RISK MANAGEMENT

In the revolutionary e-commerce business environment, the ability to identify and manage risk is essential to the success of the business. In Y Ventures, we adopt Enterprise Risk Management ("**ERM**"), which is a process put in place by the Group, to identify and address top-tier risk and events that the Group is exposed to. Annually, we engage external consultants to complete the risk assessment for the Group. This provides us with an assessment of our current standing in the market and the overall e-commerce industry outlook. Key risks and opportunities are primarily identified against business targets, either in business operations or as an integral part of financial planning. The top three (3) risks identified are:

1) Slow growth of the e-commerce market in Singapore
2) Intense competition in the e-commerce market
3) Cybersecurity of the company

ERM Framework



We place great emphasis on the risks identified and compare it against our value chain structure from the suppliers to our end customers. In response to intense competition in the e-commerce market, we differentiate ourselves with the capability of our data analytics. On top of that, we have a product quality assurance structure to ensure our customers receive the highest quality goods possible. These measures are only effective when we can align our beliefs with our value chain providers. In addition, we work hard to monitor and enforce product quality standards to provide greater customer satisfaction.

Process-related controls also include business-driven governance, security, and integrated enterprise risk management in business processes and active third-party management. Our overall risk management concept focuses on managing the key risks that would prevent us from meeting our objective rather than solely eliminating the risks.

CORPORATE GOVERNANCE

We adopt a zero-tolerance approach to corruption and fraud. This applies to all employees, including those who are located in foreign jurisdictions. The Group actively interact with our employees and communicate through employee handbook, which outlines policies of misconducts and fraud. In FY2018, there was no instance of corruption and fraud.

Our company has an institutionalised conflict of interest policy which defines situations in which an employees' personal interest are in conflict with his/her responsibility towards our group. All employees are required to make the declaration for any conflicted interest on an annual basis.

Employees with major concern over wrong-doing relating to unlawful conduct, financial malpractice or dangers to our group can report their concerns through our whistleblowing channel. Our channel ensures employees to report any suspected wrongdoings without reprisal. We take necessary actions to protect those who raise a concern in good faith. There are procedures in place to ensure that the outcome of the investigation will be communicated to the whistle-blower.

MOVING FORWARD

We strive towards creating a culture of compliance and maintain our track record of zero incidents for fraud and corruption in our business operations. We recognise the importance of risk management in the organisation and ensure that risks are properly managed at an adequate level. Annually, our internal auditors will review our process control effectiveness and suggest improvements to optimise our internal processes and control environment. This development translates to collective cost savings and greater operational efficiency in serving our customers.

ECONOMICS

Stock Keep Units (SKU)	Distribution Channels
16,800 SKU	20 Channels

To achieve a sustainable business model, profit generation alone is inadequate. In Y Ventures, we also place our attention on having prudent financial management and long-term sustainable growth strategies. Our goal is to involve the various stakeholders to partake in our sustainable strategies to create a win-win situation.

At Y Ventures, our primary objective in financial management is to ensure a strong capital base so as to sustain the confidence of our shareholders, creditors, and market. Strong capital and financial positioning will provide us with a competitive edge for new opportunities in acquisitions, joint ventures and investments for future growth.

Exclusive Distributorship Alliance

In June 2018, we have entered a distributor agreement with Beast Kingdom Co., Ltd ("**Beast Kingdom**"), a licensee for official Disney product in Asia, to act as their exclusive online distributor in Southeast Asia. The distributorship is three (3) years and Beast Kingdom's product will be exclusively available on our online web stores and also across our online market channels in Southeast Asia.

Y Ventures will provide the technical data analytics to enhance and augment the product selection, optimise online marketing, ensure end-to-end delivery and handle after-sales support to our end-customers. We share a common objective as Beast Kingdom which is to prioritise overall customer experience. We will tap on our expertise to streamline marketing efforts and provide a seamless shopping experience for our customers. Ultimately, we aim to be the largest online retailer of official Disney products in Southeast Asia.

Strategic Partnership

In November 2018, we have finalised our Joint Venture Company ("**JVC**") with Arke Block Chain Engineering Pte ("**Arke**"), Ltd for the purpose of amongst others setting up an e-commerce buying platform focusing on cross-border purchases on behalf of consumers and consolidated deliveries ("**AORA Platform**").

Y Ventures holds approximately 20% of the shares of the new JVC. We will not be involved in the management and operations of the JVC, proposed Initial Coin Offering and the building of AORA Platform.

MOVING FORWARD

Moving ahead, Y Ventures will bring the focus back to our core business in data analytics. We will invest resources to enhance our analytical offerings and work closely with the upstream supply chain catering to the demands of diverse consumers. In addition, we are sourcing for additional suppliers and partnerships for our channel distribution to provide a greater spectrum of offerings for our customers. We believe in providing a unique experience for our customers and becoming integral in their life.

We are planning to renew the CaseTrust Accreditation scheme for Skap Waste Management to assure our customers of our service and fair business ethics. We take pride in our product quality assurance to our customers.

For more information regarding our Financial Performance, refer to page 6 to 7 of our annual report.

SOCIAL

At Y Ventures, we believe in stewardship and empowerment of employees. They are our biggest asset and play a significant role in our success. To ensure sustainable growth, we strive towards creating a win-win situation for both employees and the Group by providing learning opportunities for everyone. We are a group of tight-knitted and innovative workforce empowered to serve the e-commerce community.

Talent Management

Our Group works closely with tertiary institutions and other technological organisations, such as Rapidstart, iKompass and many more, to provide our employees the opportunity to grow and acquire specialised analytical skills relevant to their job scope. Having competitive compensation and benefits scheme alone is inadequate to retain our talents. We send our employees to these workshops, which average up to a week, for certification to become a data analytics specialist or other related spectra of analytics specialist. We believe that having skilled and engaged employees are fundamental towards achieving a sustainable business.

Annually, there will be performance appraisals which serve as a platform for open communication between employees and their supervisors. Employees can communicate their aspirations and align their goals with their job scope. Employees' work performance goals will be assessed periodically to surface an individual's progress.

Besides internal talent management, we draw talents from academic institutions and government organisations by providing internship opportunities for students. Since 2015, we have worked closely with various tertiary institutions to provide three (3) to six (6) months of internship opportunities to students in the field of Business and Information Technology. For FY2018, we have recruited 15 interns to join our corporate experience.

We have also partnered with the Info-communications Media Development Authority ("**IMDA**") of Singapore to develop a training program for external stakeholders in the field of data analytics and e-commerce. We strive to reach a common ground where we provide learning opportunities to our interns and draw talent into our Group.

Mentorship Programmes

We believe in empowering individuals and the ability to work collaboratively for a greater outcome. At Y Ventures, we provide equal and fair growth opportunities for all our employees. We aim to create a conducive environment for work and progress, seeking not only Key Performance Indicator (KPI) but also personal development. We dedicated an average of 8 man-hours to an individual employee for mentorship and in-house training within their department.

For new hires or interns, we provide a 3-days on-job-training (OJT) program to familiarise employees of their job scope to better cope with the fast-paced environment in Y venture. Employees are assigned to teams to work on small milestones, which will be reviewed by their mentor in the company.

Beyond the Office

Y Ventures has enrolled in Emergency Readiness Seminar hosted by FPC in December 2018. The workshop educates enterprise with a framework to safeguard their business and employees in the event of a terrorist attack or accidental fire outbreak. Every organisation has its unique fire risk profile, we consulted FPC on their expertise to help create an innovative approach towards fire safety solutions.

After understanding the principles of fire safety planning, our employees participated actively in the role play. The activity enables our employees to put themselves in the situation and empathise with the victim, preparing them for the worst possible scenario. This enables our employee to think critically of solutions to fulfil the circumstantial constraints and build a more resilient workforce.

Team dynamics and environment

At Y Ventures, we are a dynamic and young team with a participative culture in a creative working environment. To inspire our employees to have greater sense of purpose with their work, we encourage employees to bring their ideas to the table for discussion. We welcome unconventional ideas and uncertainties, and together we analyse the feasibility of implementation as a team. We also provide our employees with workplace flexibility and benefits to bring the best out of our employees. In Y Venture, our firm belief that employees from all walks of life carrying their unique strengths and traits allow us to generate innovative solutions to meet our customers' needs. Hence, we are able to forge a strong bond with our customers and connect with them on a deeper level.

On top of that, we offer part-time work scheme which allows our employees to remain employed while coping with personal commitments. As at 31st December 2018, we have 4 employees working on a part-time basis. We advocate work-life balance in Singapore through adopting the Singapore government's pro-family legislations – Children Development Co-Saving act. Under the act, female and male employees are entitled to 16 weeks of paid maternity leave and two (2) weeks of paid paternity leave respectively.

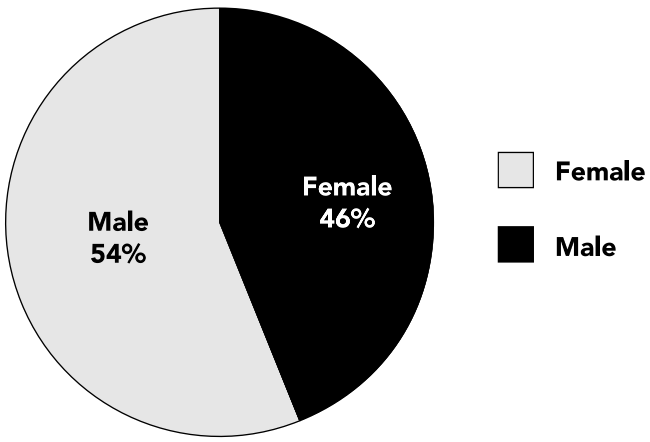
Grievances and Disciplinary Procedures for Misconduct

Employees' well-being and engagement is our utmost priority in building a sustainable business. We have procedures in place to ensure employees are working in a safe environment. Employees' misconduct will be investigated thoroughly and appropriate actions will be taken to deal with severe cases. Any employee encounters grievance in relation to his/her work may present their grievance to their immediate supervisor, Manager or Director.

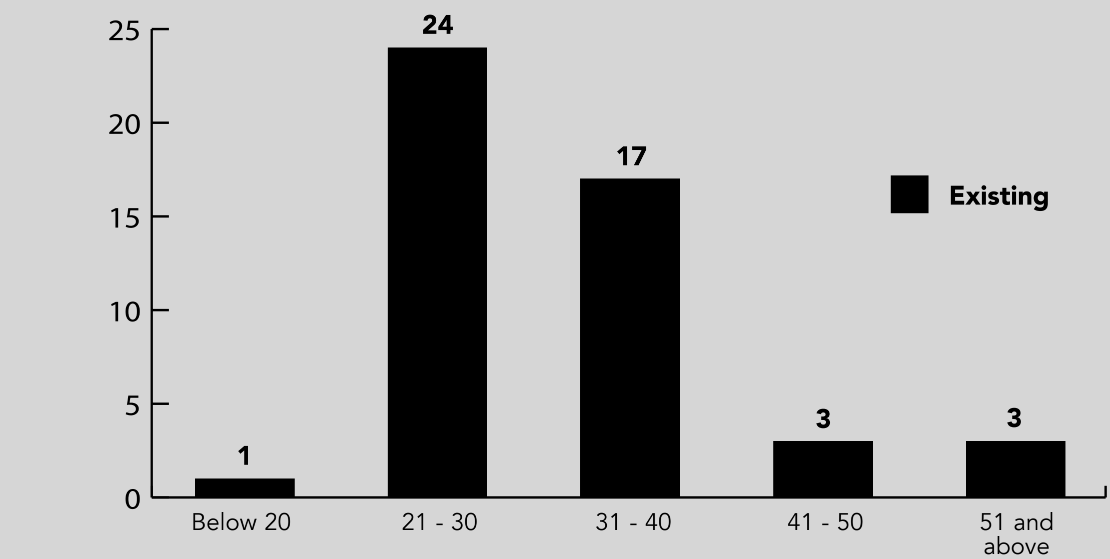
Informal Actions	• Cases of minor misconduct or unsatisfactory performance may be dealt with informally. • The Company may have a quiet word of caution or advice and encouragement with the employee in order to improve an employee's conduct or performance.
Investigations	• Investigative interviews are solely for the purpose of fact-finding and no decision on disciplinary action will be taken until after a disciplinary hearing has been held. • The employee must make every effort to attend the meeting, and failure to attend without good reason may be treated as misconduct in itself.
Precautionary Suspension	• Consideration will be given to a brief period of suspension with full pay whilst an unhindered investigation is conducted. • Any action taken will be reviewed to ensure it is not unnecessarily protracted. It will be made clear that any action taken is not considered a disciplinary action.

Employee Demographics

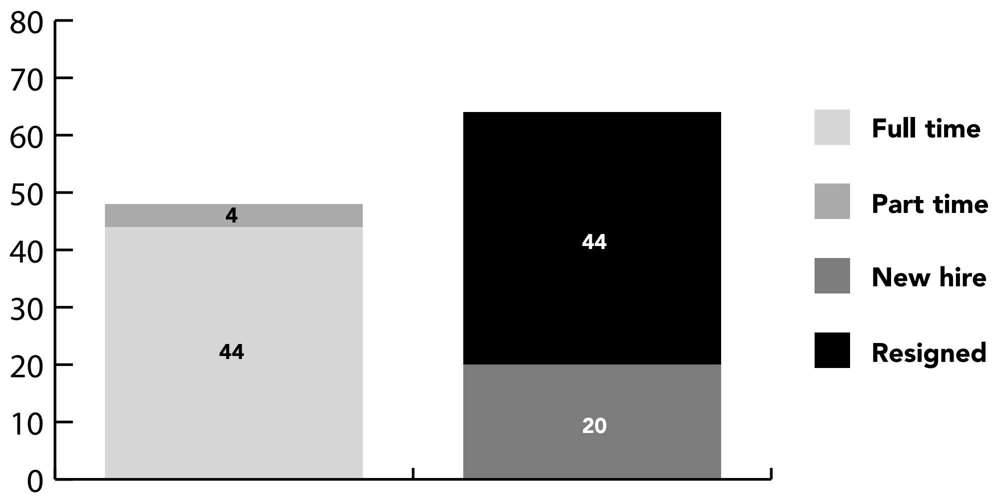
Y Ventures Gender Composition



Y Ventures Employee By Age



Y Ventures Employment



OUR COMMUNITY

Our Local Footprint

In our pursuit of an equitable environment, we provide scholarships and sponsorships for tertiary institutions. We believe in empowering minorities, less privileged individuals and recognising the latent potential within them. We are the proud sponsor of Singapore University of Technology and Design ("SUTD") Business Analytics Track Award 2018. This $5,000 cash award seeks to motivate outstanding students pursuing Business Analytics focused tracked in the institute. Y Ventures also provide opportunities to aspiring authors by working with the Singapore Book Publishers Association ("**SBPA**").

In FY2018, Y Ventures made a donation of S$3,000 Gold sponsorship for Singapore Book Publishers Association's ("**SBPA**") 50th Anniversary. SBPA represents the interests of Singapore publishers who are engaged in a wide range of publishing, marketing, and distribution activities in both print and digital format. The Association aims to develop and strengthen the book ecosystem of Singapore by providing opportunities to aspiring authors to be published with the aid of like-minded organisations.

In addition, Y Ventures contributed S$1,300 for Temasek Polytechnic's subject prizes and Y Ventures Group Course Silver Medal Award 2018. Aside from prize sponsorships, our co-founders do participate in Temasek Polytechnic's Alumnus Sharing as Alumni and Group representative.

ventures.

Temasek Polytechnic

Singapore University of Technology and Design

SBPA

Our business function in a community. It is, therefore, our duty to create a better environment for all our stakeholders. Annually, the Group will partake in community interactive activities to build rapport between us and the stakeholders. The following are some community efforts undertaken by the Group in FY2018:

- Chai Chee Red Packet Giveaway 2018 organised by Kembangan-Chai Chee Seniors Activity Centre held during Chinese New Year. A team of four (4) Skap employees devoted half a day of their time to interact with the elderly.

- Self-initiated Furniture donation drive to the less privileged family at South East CDC Community Centre. There were two occasions of furniture donation drive from January to October 2018.

Our Overseas Footprint

Beyond local communities, we are also involved in contributing to global communities. Annually, we contribute books to "Book for Africa" and playing our part to improve others' lives. In FY2018, we contributed 64 books valued at $3,040 to the organisation. We aim to help these books find a rightful owner and consequently positively touch the lives of the owners.

MOVING FORWARD

We want to reciprocate the support received from the community by expanding our reach out to other less privileged families. We are committed to involving our employees for future furniture donation drive with other community centres in the East region. As the scale of the project increases, the Group will be adopting a self-collection policy for donated furniture to ensure the smooth running of daily operations.

Besides job-related training and workshops, we want our employees to benefit from character development by serving the community. We will continue devoting time to involve ourselves with the communities and forge stronger ties with our stakeholders.

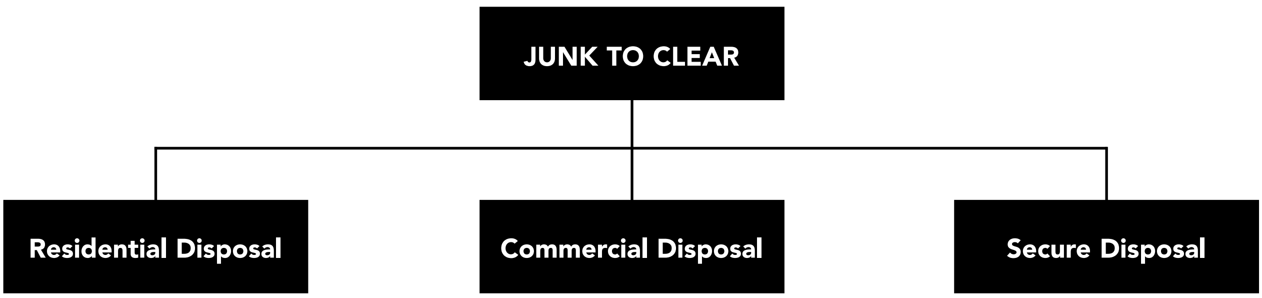
ENVIRONMENT

We are committed to protecting the environment by making our operations environmentally friendly and sustainable. We aim to reduce our carbon footprint during our course of delivering products to our clients and work closely with our value chain to meet environmental goals.

Our subsidiary, Skap Waste Management Pte. Ltd. ("**Skap** or **Junktoclear**"), a waste management service company under the Group facilities offer a wide range of waste disposal from residential waste to secure disposal of sensitive documents. Skap is National Environmental Agency ("**NEA**") certified Class A General Waste Collector and deals with inorganic waste such as construction, renovation debris, furniture disposal, and recyclable waste that excludes food waste. In addition, Skap is ISO14001:2004 logistics and waste service certified where the business unit has greater environmental management in reducing waste and energy usage. This ensures Skap meets legal obligations and demonstrate our efforts to the environment while keeping our customer's interest in mind.

We believe that we should leave the planet better than we found it. Our primary waste output stems from office waste, packing material used in logistics services and waste disposal. We aim to offer our customer high-quality products and services while caring for the environment. During waste management operations, our employees went beyond their duty to inspect for functional furniture to be donated as part of our community initiative.

For FY2018, a total of 688 tons of metallic materials and wood waste, consisting of metal, stainless steel from exhibition setups and aluminium waste have been recycled and disposed of with National Environment Agency ("**NEA**") licensed recycling vendors.



Our Carbon Footprint

Our carbon footprint stems from our daily office operations and provision of logistics services. We are striving towards balancing our expansion strategy with environmental conservation goals. The Group's energy consumption patterns are documented as follows:

Electricity usage (kWH)	FY2018	FY2017
Electricity usage at Office	15,343	9,715
Electricity usage at Warehouse	10,847	11,256
Total Electricity Usage	26,190	20,971

Electricity usage at office was calculated from Jan to Nov 2018. Y Ventures shifted to a new office space in December 2018.

The Group's core business revolves around e-commerce data analytics and amidst the business expansion across the globe, our team takes into account our carbon prints. We monitor closely our electrical usage and regularly revisit the goals set in FY2017. The Group's warehouse team has achieved our goal of reducing 3% in electricity consumption by raising warehouse shuttle and allow natural light to operate the warehouse. The increase in electricity usage for office space is attributed to the expansion of business operations. The Group has relocated office to cater for the expansion and has set a conservative target for future environmental goals.

Online Quotations

Moving ahead, we have integrated environmental efforts into our operational activities. We are shifting our local operations towards paperless as part of our environmental efforts. Paper quotations for customers are slowly abolished as we request the stakeholders to move towards our digital platform for the respective service request. To attract our existing client to utilise our new platform of quotation, they receive 5% discount for using our online quotation service by either taking a photo of the goods disposed or filling in a simple form online.

The entire operational process becomes digitalised, more transparent and efficient amongst the different stakeholders. Furthermore, digitalised data can easily be accessed within the Group by authorised personnel without the need to be printed out.

MOVING FORWARD

Going forward, we will continue monitoring our electrical and water usage at our premises. Amid our business expansion, we target to reduce our utility and electrical consumptions and adopt a more proactive role in managing our environmental impact. For FY2019, we aim to participate in Earth Hour 2019 as part of our new environmental initiative to create more awareness among our employees on environmental issues.

For our logistics services, we will monitor and track the amount of packaging materials used and seek to reduce the amount of waste that goes into the landfills by 10.0% in 2020.

GRI Content Index

GRI Standard	Disclosure Title	Page Reference & Remarks
GENERAL DISCLOSURE		
ORGANISATIONAL PROFILE		
Disclosure 102-1	Name of the Organisation	Annual Report- Corporate Profile
Disclosure 102-2	Activities, brands, products, and services	Annual Report- Corporate Profile
Disclosure 102-3	Location of headquarters	Annual Report- Corporate Profile
Disclosure 102-4	Location of operations	Annual Report- Corporate Profile
Disclosure 102-5	Ownership and legal form	Annual Report- Corporate Profile, Shareholder statistics
Disclosure 102-6	Markets served	Annual Report- Corporate Profile
Disclosure 102-7	Scale of the Organisations	Annual Report- Financial Review
Disclosure 102-8	Information on employees and other workers	Sustainability Reporting- Social
Disclosure 102-9	Supply Chain	Annual Report- Corporate Profile
Disclosure 102-10	Significant changes to the organisation and its supply chain	Annual Report- Corporate Profile, Financial Review
Disclosure 102-11	Precautionary Principle or approach	Sustainability Reporting- Enterprise Risk Management, Governance
Disclosure 102-12	External initiatives	Annual Report- Governance
Disclosure 102-13	Membership of associations	None
STRATEGY		
Disclosure 102-14	Statement from senior decision maker	Sustainability Reporting- Board's Statement
Disclosure 102-15	Key impacts, risks, and opportunities	Sustainability Reporting- Board's Statement
ETHICS AND INTEGRITY		
Disclosure 102-16	Values, principles, standards, and norms of behavior	Sustainability Report - Corporate Governance
Disclosure 102-17	Mechanisms for advice and concerns about ethics	Annual Report- Corporate Governance report- Whistle Blowing Policy
GOVERNANCE		
Disclosure 102-18	Governance structure	Sustainability Reporting – Corporate Governance
Disclosure 102-19	Delegating authority	Sustainability Reporting – Corporate Governance
Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Reporting – Corporate Governance
Disclosure 102-21	Consulting stakeholders on economic, environmental and social topics	Sustainability Reporting- Stakeholder Engagement

GRI Standard	Disclosure Title	Page Reference & Remarks
Disclosure 102-22	Composition of the highest governance body and its committee	Annual Report- Corporate Governance report- Board Matters
Disclosure 102-23	Chair of the highest governance body	Annual Report- Corporate Governance report- Board Matters- Board Composition
Disclosure 102-24	Nominating and selecting the highest governance body	Annual Report- Corporate Governance report- Board Matters
Disclosure 102-25	Conflicts of interest	Annual Report- Corporate Governance report- Additional Matters- Dealing with conflict of interest Sustainability Reporting- Governance
Disclosure 102-26	Role of highest governance body in setting purposes, values, and strategy	Sustainability Reporting – Corporate Governance
Disclosure 102-27	Collective knowledge of highest governance body	Sustainability Reporting – Corporate Governance
Disclosure 102-28	Evaluating the highest governance body's performance	Sustainability Reporting – Corporate Governance
Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Reporting – Corporate Governance
Disclosure 102-30	Effectiveness of risk management process	Sustainability Reporting – Corporate Governance
Disclosure 102-31	Review of economic, environmental, and social topics	Sustainability Reporting – Corporate Governance
Disclosure 102-32	Highest governance body's role in sustainability reporting	Sustainability Reporting – Corporate Governance
Disclosure 102-33	Communicating critical concerns	Annual Report – Corporate Governance
Disclosure 102-34	Nature and total number of critical concerns	Annual Report – Corporate Governance report- Other Corporate Governance matters
Disclosure 102-35	Remuneration policies	Annual Report- Corporate Governance report- Remuneration Matters
Disclosure 102-36	Process for determining remuneration	Annual Report- Corporate Governance report- Remuneration Matters
Disclosure 102-37	Stakeholders' involvement in remuneration	Annual Report- Corporate Governance report- Remuneration Matters
Disclosure 102-38	Annual total compensation ratio	We choose not to disclose as we reward based on meritocracy.
Disclosure 102-39	Percentage increase in annual total compensation ratio	We choose not to disclose as we reward based on meritocracy.

GRI Standard	Disclosure Title	Page Reference & Remarks
STAKEHOLDER ENGAGEMENT		
Disclosure 102-40	List of stakeholder groups	Sustainability Reporting- Stakeholder Engagement,
Disclosure 102-41	Collective bargaining agreements	None of our employees have joined trade union.
Disclosure 102-42	Identifying and selecting stakeholders	Sustainability Reporting- Stakeholder Engagement,
Disclosure 102-43	Approach to stakeholder engagement	Sustainability Reporting- Stakeholder Engagement,
Disclosure 102-44	Key topics and concerns raised	Sustainability Reporting- Stakeholder Engagement,
REPORTING PRACTICE		
Disclosure 102-45	Entities included in the consolidated financial statements	Annual Report- Financial Review
Disclosure 102-46	Defining report content and topic boundaries	Sustainability Reporting- About This Report
Disclosure 102-47	List of material topics	Sustainability Reporting- Material Topics – At A Glance
Disclosure 102-48	Restatements of information	None
Disclosure 102-49	Changes in reporting	None
Disclosure 102-50	Reporting period	Sustainability Reporting- About This Report
Disclosure 102-51	Date of most recent report	FY2017 Annual Report
Disclosure 102-52	Reporting cycle	Annual
Disclosure 102-53	Contact point for questions regarding the report	Sustainability Reporting- About This Report
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Reporting- About This Report
Disclosure 102-55	GRI content index	Sustainability Reporting- GRI Content Index
Disclosure 102-56	External assurance	Not sought
MANAGEMENT APPROACH		
Disclosure 103-1	Explanation of the material topic and its Boundary	• Business Ethics and Anti-corruption • Product quality assurance • Direct and indirect economic impact • Talent attraction and retention • Training and development • Community • Waste management • Carbon footprint reduction
Disclosure 103-2	The management approach and its components	
Disclosure 103-3	Evaluation of the management approach	

GRI Standard	Disclosure Title	Page Reference & Remarks
ECONOMIC PERFORMANCE		
Disclosure 201-1	Direct economic value generated and distributed	Annual Report- Financials
Disclosure 201-2	Financial implications and other risks and opportunities due to climate change	We have assessed that climate change has no significant impact on our business
Disclosure 201-3	Defined benefit plan obligations and other retirement plans	There is no pension scheme and employees under retirement plan.
Disclosure 201-4	Financial assistance received from government	Sustainability Reporting - Social
MARKET PRESENCE		
Disclosure 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	We choose not to disclose as we reward based on meritocracy.
Disclosure 202-2	Proportion of senior management hired from the local community	We choose not to disclose as we reward based on meritocracy.
INDIRECT ECONOMIC IMPACTS		
Disclosure 203-1	Infrastructure investments and services supported	Sustainability Reporting - Economic
Disclosure 203-2	Significant indirect economic impacts	Sustainability Reporting - Economic
PROCUREMENT PRACTICES		
Disclosure 204-1	Proportion of spending on local suppliers	This is not applicable to the Group due to the nature of our business.
ANTI-CORRUPTION		
Disclosure 205-1	Operations assessed for risks related to corruption	Sustainability Reporting - Governance
Disclosure 205-2	Communication and training about anti-corruption policies and procedures	Sustainability Reporting - Governance
Disclosure 205-3	Confirmed incidents of corruption and actions taken	Sustainability Reporting - Governance
ANTI-COMPETITIVE BEHAVIOR		
Disclosure 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability Reporting - Governance
ENERGY		
Disclosure 302-1	Energy consumption within the organisation	Sustainability Reporting- Energy Usage
Disclosure 302-2	Energy consumption outside of the organisation	Energy usage outside the organisation is not significant hence we did not track.
Disclosure 302-3	Energy intensity	Sustainability Reporting- Energy Usage
Disclosure 302-4	Reduction of energy consumption	Sustainability Reporting- Energy Usage
Disclosure 302-5	Reductions in energy requirements of products and services	Sustainability Reporting- Energy Usage

GRI Standard	Disclosure Title	Page Reference & Remarks
WATER		
Disclosure 303-1	Water withdrawal by source	Water withdrawal via Local Authority
Disclosure 303-2	Water sources significantly affected by withdrawal of water	This is not applicable to the Group due to the nature of our business.
Disclosure 303-3	Water recycled and reused	There is no recycling water programme.
Disclosure 303-4	Water discharge	We do not track water discharge.
Disclosure 303-5	Water consumption	Sustainability Reporting - Environment
EMPLOYMENT		
Disclosure 401-1	New employee hires and employee turnover	Sustainability Reporting- Social
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Reporting- Social
Disclosure 401-3	Parental leave	Sustainability Reporting- Social
LABOR /MANAGEMENT RELATIONS		
Disclosure 402-1	Minimum notice periods regarding operational changes	No occurrence during our period of review.
OCCUPATIONAL HEALTH AND SAFETY		
Disclosure 403-1	Workers representation in formal joint management–worker health and safety committees	This is not applicable to the Group due to the nature of our business.
Disclosure 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	No occurrence during our period of review.
Disclosure 403-3	Workers with high incidence or high risk of diseases related to their occupation	This is not applicable to the Group due to the nature of our business.
Disclosure 403-4	Health and safety topics covered in formal agreements with trade unions	This is not applicable to the Group due to the nature of our business.
Disclosure 403-5	Worker training on occupational health and safety	This is not applicable to the Group due to the nature of our business.
Disclosure 403-6	Promotion of worker health	Sustainability Reporting- Social
Disclosure 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	This is not applicable to the Group due to the nature of our business.
Disclosure 403-8	Workers covered by an occupational health and safety management system	This is not applicable to the Group due to the nature of our business.
Disclosure 403-9	Work-related injuries	No occurrence during our period of review.
Disclosure 403-10	Work-related ill health	This is not applicable to the Group due to the nature of our business.

GRI Standard	Disclosure Title	Page Reference & Remarks
TRAINING AND EDUCATION		
Disclosure 404-1	Average hours of training per year per employee	Sustainability Reporting- Social
Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Reporting- Social
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Reporting- Social
DIVERSITY AND EQUAL OPPORTUNITY		
Disclosure 405-1	Diversity of governance bodies and employees	Sustainability Reporting- Social
Disclosure 405-2	Ratio of basic salary and remuneration of women to men	We choose not to disclose as we reward based on meritocracy.
NON-DISCRIMINATION		
Disclosure 406-1	Incidents of discrimination and corrective actions taken	No occurrence during our period of review.
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
Disclosure 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We have not identified this risk in our course of normal operations.
CHILD LABOR		
Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labor	We have not identified this risk in our course of normal operations.
FORCED OR COMPULSORY LABOR		
Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	We have not identified this risk in our course of normal operations.
SECURITY PRACTICES		
Disclosure 410-1	Security personnel trained in human rights policies or procedures	Sustainability Report – Social
RIGHTS OF INDIGENOUS PEOPLES		
Disclosure 411-1	Incidents of violations involving rights of indigenous peoples	No occurrence during our period of review.
HUMAN RIGHTS ASSESSMENT		
Disclosure 412-1	Operations that have been subject to human rights reviews or impact assessments	No occurrence during our period of review.
Disclosure 412-2	Employee training on human rights policies or procedures	We have not identified this risk in our course of normal operations.
Disclosure 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	We have not identified this risk in our course of normal operations.

GRI Standard	Disclosure Title	Page Reference & Remarks
LOCAL COMMUNITIES		
Disclosure 413-1	Operations with local community engagement, impact assessments and development programs	This is not applicable to the Group due to the nature of our business.
Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	This is not applicable to the Group due to the nature of our business.
SUPPLIER SOCIAL ASSESSMENT		
Disclosure 414-1	New suppliers that were screened using social criteria	No occurrence during our period of review.
Disclosure 414-2	Negative social impacts in the supply chain and actions taken	This is not applicable to the trust due to the nature of our business.
PUBLIC POLICY		
Disclosure 415-1	Political contributions	No occurrence during our period of review.
CUSTOMER HEALTH AND SAFETY		
Disclosure 416-1	Assessment of the health and safety impacts of product and service categories	This is not applicable to the Group due to the nature of our business.
Disclosure 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No occurrence during our period of review.
MARKETING AND LABELING		
Disclosure 417-1	Requirements for product and service information and labeling	Sustainability Reporting - Economics
Disclosure 417-2	Incidents of non-compliance concerning product and service information and labeling	No occurrence during our period of review.
Disclosure 417-3	Incidents of non-compliance concerning marketing communications	No occurrence during our period of review.
CUSTOMER PRIVACY		
Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Reporting- Governance
SOCIOECONOMIC COMPLIANCE		
Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area	No occurrence during our period of review.

The directors hereby present their statement to the members together with the audited consolidated financial statements of Y Ventures Group Ltd. (the "Company") and its subsidiary corporations (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 93 to 147 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International);

(ii) the Company announced on 12 March 2019 that in consultation with SGX RegCo and the Company's Sponsor, the directors had engaged Deloitte and Touche Enterprise Risk Services Pte Ltd to perform an independent review which include the adequacy and effectiveness of the internal controls of the Group for the financial reporting period starting from 1 January 2014 to 31 December 2018; and

(iii) at the date of this statement, after considering the measures taken by the Group in Note 3(a), there are reasonable grounds to believe that the Company 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:

Low Yik Sen
Low Yik Jin
Edward Tiong Yung Suh
Wong Sok Mei
Ng Tiong Gee
Lew Chern Yong (Appointed on 1 March 2019)

Arrangement to enable directors to acquire benefits

Neither at the end of 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 in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
Name of directors	**At 1.1.2018**	**At 31.12.2018**	**At 1.1.2018**	**At 31.12.2018**
The Company				
Low Yik Sen	71,115,000	35,557,500	–	38,307,500[1]
Low Yik Jin	71,115,000	71,115,000	–	2,750,000[2]
Wong Sok Mei	100,000	100,000	–	–
Edward Tiong Yung Suh	–	50,000	50,000[3]	–
Ng Tiong Gee	–	–	100,000	100,000[4]
Twoon Wai Mun, Benjamin (Resigned on 1 March 2019)	–	–	100,000	100,000[5]

Notes:

(1) Mr Low Yik Sen is deemed to be interested in 38,307,500 shares held under custodian nominee account(s).
(2) Mr Low Yik Jin is deemed to be interested in 2,750,000 shares held under the custodian nominee account(s).
(3) Mr Edward Tiong Yung Suh was deemed to have an interest in 50,000 shares registered in the name of a nominee account of UOB Kay Hian Private Limited.
(4) Mr Ng Tiong Gee is deemed to be interested in 100,000 shares registered in the name of a nominee account of UOB Kay Hian Private Limited.
(5) Mr Twoon Wai Mun, Benjamin is deemed to be interested in 100,000 shares registered in the name of a nominee account of UOB Kay Hian Private Limited.

The directors, Low Yik Sen and Low Yik Jin, by virtue of Section 7 of the Act, are deemed to have an interest in whole of the issued share capital of all the wholly-owned subsidiary corporations of the Group and in the following subsidiary corporations that are not wholly-owned by the Group.

	Number of ordinary shares	
	At 1.1.2018	**At 31.12.2018**
Ordinary share with par value of US$1.00 each		
JustNile Holdings	222,261	222,261
Ordinary share with par value of US$1.00 each		
JustNile Distribution Ltd.	30,000	30,000
Ordinary share with par value of US$0.01 each		
JustNile Inc	900	900
Ordinary share with no par value		
JustNile International Corp	1,800,000	1,800,000
Ordinary share		
Faire Holdings Pte. Ltd.	51	51
Ordinary share with par value of INR100.00 each		
Jaykin Distribution (India) Private Limited	510	510

The directors' interest in the ordinary shares of the Company and subsidiary corporations as at 21 January 2019 were the same as those as at 31 December 2018.

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Y Ventures Performance Share Plan

In conjunction with the Company's listing on the Catalist Board of Singapore Exchange Securities Trading Limited, the Company has adopted the Y Ventures Group Ltd.'s Performance Share Plan (the "PSP") which was approved by members of the Company on 2 June 2017.

The PSP is administered by the Remuneration Committee of the Company, currently comprises Mr Edward Tiong Yung Suh, Ms Wong Sok Mei and Mr Ng Tiong Gee.

No performance shares have been awarded pursuant to the PSP during the year.

Save for the PSP, the Company does not have any other share option or incentive scheme.

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

Wong Sok Mei (Chairman)
Edward Tiong Yung Suh
Ng Tiong Gee

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. Their functions are detailed in the Report on Corporate Governance.

In performing its functions, the Audit Committee met with the Company's independent external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed, amongst others, the following:

(a) the independence and objectivity of the external auditor;

(b) the audit plan and scope of work carried out by the external auditor and also met with the external auditor to discuss the results of their audit and their evaluation of the system of internal accounting controls;

(c) the overall scope and timing of the work to be carried out by the internal auditors and also met with internal auditors to discuss the results of their internal audit procedures;

(d) the financial statements of the Company and the Group for the financial year ended 31 December 2018 and the independent auditor's report thereon; and

(e) interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Lew Chern Yong Director	Low Yik Jin Director

15 April 2019

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Y Ventures Group Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 93 to 147, which comprise the statements of financial position of the Group and of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Qualified Opinion

Accuracy, existence and valuation of inventories with carrying value of US$168,118 in JustNile Pte. Ltd. ("JNPL")

We are unable to obtain sufficient appropriate audit evidence to ascertain the accuracy, existence and valuation of the carrying value of inventories totalling US$168,118 in JNPL.

Consequently, we are unable to determine whether any adjustments as at 31 December 2018 is required to the above-mentioned carrying value of inventories, sales and cost of sales for the financial year ended 31 December 2018.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3(a) to the financial statements. The Group reported a net loss and total comprehensive loss of US$3,995,315 and US$4,024,823 for the financial year, respectively. The Group also reported net cash used in operating activities for the financial year of US$2,414,621. As at 31 December 2018, the Group's and the Company's accumulated losses amounted to US$3,016,943 and US$6,362,256 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Nevertheless, for the reasons and plans as disclosed in Note 3(a), the directors believe that the use of going concern assumption is appropriate for the preparation of the financial statements.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities or realise their assets in the normal course of business. Adjustments may have to be made to these financial statements to reflect the situation that assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

Our opinion is not qualified in respect of this matter.

Report on the Audit of the Financial Statements (cont'd)

Emphasis of Matter

We draw attention to Note 31 to the financial statements which disclosed that the Company announced on 12 March 2019 that in consultation with SGX RegCo and the Company's Sponsor, the Company had appointed Deloitte and Touche Enterprise Risk Services Pte Ltd ("Deloitte") as the independent reviewer. It was announced that the scope of the independent review will include, inter alia, the review of the adequacy and effectiveness of the internal controls of the Group for the financial reporting period starting from 1 January 2014 to 31 December 2018; quantify and particularise any misstatements in the Group's prior years' financial statements as disclosed in the IPO offer document and to-date as a result of the internal control lapses and misstatements identified; and identify any possible breaches of the Singapore Exchange Rulebooks, Companies Act (Cap 50) and/or Securities and Futures Act (Cap 289), in relation to the internal control lapses and misstatements identified and identify the parties responsible for the possible breaches. As at the date of these financial statements, no report has been released by Deloitte in respect of the independent review.

Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* section and the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of inventories at the lower of costs and net realisable value

Refer to Notes 3(i) and 15 to the financial statements.

The key audit matter:

The Group's inventories totalled US$9,312,820 (2017: US$6,060,250) which accounted for 70% (2017: 62%) of the Group's total assets as at 31 December 2018. As disclosed in Note 2(i) to the financial statements, inventories are stated at the lower of cost and net realisable value. Write-down of inventories to their net realisable values charged to profit or loss for the current financial year amounted to US$531,364. The write-down to net realisable value for slow-moving and obsolete inventories is considered a key audit matter, as it requires management to exercise judgement in identifying slow-moving and obsolete inventories and making estimates of the net realisable value to determine the appropriate level of write-down required. Any significant changes in anticipated future selling prices and saleability may affect the valuation of the inventories.

Our audit procedures to address the key audit matter

- We obtained an understanding of management's policy and process for the identification of slow moving and obsolete inventories through enquiry and observation.

- Except as disclosed in the Basis for Qualified Opinion section of our report, we have test-checked that costing of inventories is based on first-in, first-out basis.

- We evaluated management's policy for the identification of slow moving and obsolete inventories by analysing the nature of inventories.

- We obtained management's assessment of slow moving and obsolete inventories as at the end of the reporting period and evaluate whether the Group's policy on writing down to net realisable value was consistently applied and remained appropriate.

- Except as disclosed in the Basis for Qualified Opinion section of our report, we verified whether inventories are recorded at the lower of cost and net realisable value by comparing, on a sample basis, the recorded unit cost of inventories against recent/subsequent selling prices.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment assessment of investments in subsidiaries

Refer to Notes 3(iv) and 13 to the financial statements.

The key audit matter:

At 31 December 2018, the Company's investment in subsidiaries totalled US$2,344,808. During the current financial year, the Company recorded impairment losses of US$222,261 on the investment in subsidiaries. The impairment losses were determined based on the value in use and future cash flow projections of the subsidiaries. The value in use calculations require management's judgement and estimations with respect to the recoverable value of investment in subsidiaries based on discounted cash flow projections.

Our audit procedures to address the key audit matter

- We evaluated management's value-in-use model and the key assumptions and inputs to the value-in-use model including forecast revenue, forecast gross profit margin, forecast expenditures, discount rate and terminal growth rate.

- We evaluated the management's methodologies and reviewed their key assumptions and inputs by comparing the forecasts to recent performance and industry benchmarks.

- We checked the mathematical accuracy of the value-in-use model and agreed cash flows to the most recent approved financial budgets from the Board of Directors.

- We evaluated management's sensitivity analysis to assess the impact on the recoverable amounts of the investment in subsidiaries by reasonable possible changes to the discount rate and terminal growth rate.

- We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2018 Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Because of the possible effects of the matter described in the *Basis for Qualified Opinion section* of our report, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

Report on other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this Independent Auditor's Report is Tiang Yii.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

15 April 2019

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	Group 2018 US$	Group 2017 US$
Revenue	4	**18,065,847**	14,122,859
Cost of sales		**(12,837,624)**	(8,248,564)
Gross profit		**5,228,223**	5,874,295
Other income			
- others	5	**1,114,180**	117,369
- interest income		**477**	9,207
Expenses			
Selling and distribution expenses		**(5,257,918)**	(3,349,948)
Administrative expenses		**(4,988,987)**	(3,517,348)
Finance costs	6	**(76,436)**	(20,321)
Loss before tax	7	**(3,980,461)**	(886,746)
Tax expense	9	**(14,854)**	(22,005)
Loss for the year		**(3,995,315)**	(908,751)
Other comprehensive (loss)/income:			
Item that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(507)**	18,284
Item that will not be reclassified subsequently to profit or loss:			
Fair value loss on financial assets at fair value through other comprehensive income		**(29,001)**	–
Total comprehensive loss for the year		**(4,024,823)**	(890,467)
Loss attributable to:			
Equity holders of the Company		**(3,707,891)**	(787,433)
Non-controlling interests		**(287,424)**	(121,318)
		(3,995,315)	(908,751)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(3,737,498)**	(769,069)
Non-controlling interests		**(287,325)**	(121,398)
		(4,024,823)	(890,467)
Loss per share attributable to equity holders of the Company (cents per share)			
Basic and diluted	10	**(1.8)**	(0.4)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

At 31 December 2018

	Note	Group			Company		
		31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
		US$	US$	US$	**US$**	US$	US$
Non-current assets							
Property, plant and equipment	11	**1,387,756**	1,342,362	1,524,631	**–**	–	–
Intangible assets	12	**278,165**	213,432	–	**–**	–	–
Investment in subsidiaries	13	**–**	–	–	**2,344,808**	2,567,068	–
Financial assets at fair value through other comprehensive income	14	**–**	–	–	**–**	–	–
Total non-current assets		**1,665,921**	1,555,794	1,524,631	**2,344,808**	2,567,068	–
Current assets							
Inventories	15	**9,312,820**	6,060,250	2,631,667	**–**	–	–
Trade and other receivables	16	**1,197,785**	1,304,960	819,539	**197,478**	6,087,829	268
Cash and bank balances		**1,132,030**	882,608	937,535	**52,033**	429,399	45,868
Total current assets		**11,642,635**	8,247,818	4,388,741	**249,511**	6,517,228	46,136
Total assets		**13,308,556**	9,803,612	5,913,372	**2,594,319**	9,084,296	46,136
Non-current liabilities							
Borrowings	17	**915,888**	942,602	939,237	**–**	–	–
Deferred tax liabilities		**30,686**	30,686	15,882	**–**	–	–
Total non-current liabilities		**946,574**	973,288	955,119	**–**	–	–
Current liabilities							
Trade and other payables	18	**6,877,713**	1,947,395	1,609,154	**129,288**	2,287,543	102,993
Contract liabilities	19	**11,268**	–	–	**–**	–	–
Amounts due to directors	20	**–**	–	307,821	**–**	–	–
Borrowings	17	**1,947,367**	36,834	25,293	**–**	–	–
Tax payable		**190,374**	400,353	406,873	**–**	–	–
Total current liabilities		**9,026,722**	2,384,582	2,349,141	**129,288**	2,287,543	102,993
Total liabilities		**9,973,296**	3,357,870	3,304,260	**129,288**	2,287,543	102,993
Net assets/(liabilities)		**3,335,260**	6,445,742	2,609,112	**2,465,031**	6,796,753	(56,857)
Equity							
Share capital	21	**8,856,288**	7,941,947	307,942	**8,856,288**	7,941,947	51,723
Currency translation reserve		**(6,408)**	(5,802)	(24,166)	**–**	–	–
(Accumulated losses)/retained earnings		**(3,016,943)**	690,948	2,078,381	**(6,362,256)**	(1,145,194)	(108,580)
Merger reserve	22	**(2,455,477)**	(2,455,477)	–	**–**	–	–
Fair value reserve		**(29,001)**	–	–	**(29,001)**	–	–
Equity attributable to equity holders of the Company, total		**3,348,459**	6,171,616	2,362,157	**2,465,031**	6,796,753	(56,857)
Non-controlling interests		**(13,199)**	274,126	246,955	**–**	–	–
Total equity		**3,335,260**	6,445,742	2,609,112	**2,465,031**	6,796,753	(56,857)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Attributable to equity holders of the Company							
	Share capital	Currency translation reserve	Retained earnings/ (accumulated losses)	Merger reserve	Fair value reserve	Total	Non-controlling interests	Total equity
	US$	US$	US$	US$	US$	US$	US$	US$
Group								
2018								
Balance at 1 January 2018	7,941,947	(5,802)	690,948	(2,455,477)	–	6,171,616	274,126	6,445,742
Loss for the year	–	–	(3,707,891)	–	–	(3,707,891)	(287,424)	(3,995,315)
Other comprehensive (loss)/income								
Currency translation differences arising from consolidation	–	(606)	–	–	–	(606)	99	(507)
Fair value loss on financial assets at fair value through other comprehensive income	–	–	–	–	(29,001)	(29,001)	–	(29,001)
Total comprehensive loss for the year	–	(606)	(3,707,891)	–	(29,001)	(3,737,498)	(287,325)	(4,024,823)
Issuance of ordinary shares (Note 21)	914,341	–	–	–	–	914,341	–	914,341
Balance at 31 December 2018	**8,856,288**	**(6,408)**	**(3,016,943)**	**(2,455,477)**	**(29,001)**	**3,348,459**	**(13,199)**	**3,335,260**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2018

	Attributable to equity holders of the Company						
	Share capital	**Currency translation reserve**	**Retained earnings/ (accumulated losses)**	**Merger reserve**	**Total**	**Non-controlling interests**	**Total equity**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Group							
2017							
Balance at 1 January 2017	307,942	(24,166)	2,078,381	–	2,362,157	246,955	2,609,112
Loss for the year	–	–	(787,433)	–	(787,433)	(121,318)	(908,751)
Other comprehensive income/(loss)							
Currency translation differences arising from consolidation	–	18,364	–	–	18,364	(80)	18,284
Total comprehensive income/(loss) for the year	–	18,364	(787,433)	–	(769,069)	(121,398)	(890,467)
Issuance of ordinary shares pursuant to the Restructuring Exercise (Note 21)	2,564,790	–	–	–	2,564,790	–	2,564,790
Dividends paid before Restructuring Exercise (Note 23)	–	–	(600,000)	–	(600,000)	–	(600,000)
Adjustments pursuant to the Restructuring Exercise	(256,219)	–	–	(2,455,477)	(2,711,696)	–	(2,711,696)
Issuance of ordinary shares pursuant to initial public offering (Note 21)	5,677,210	–	–	–	5,677,210	–	5,677,210
Capitalisation of share issuance expenses (Note 21)	(351,776)	–	–	–	(351,776)	–	(351,776)
Changes in ownership interest in subsidiaries							
Acquisition of a subsidiary	–	–	–	–	–	358	358
Incorporation of a subsidiary	–	–	–	–	–	148,211	148,211
Total change in ownership interest in subsidiaries	–	–	–	–	–	148,569	148,569
Balance at 31 December 2017	7,941,947	(5,802)	690,948	(2,455,477)	6,171,616	274,126	6,445,742

The accompanying notes form an integral part of these financial statements.

STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2018

	Note	Share capital US$	Accumulated losses US$	Fair value reserve US$	Total equity US$
Company					
Balance at 1 January 2017		51,723	(108,580)	–	(56,857)
Net loss and comprehensive loss for the year		–	(1,036,614)	–	(1,036,614)
Issuance of ordinary shares pursuant to the Restructuring Exercise	21	2,564,790	–	–	2,564,790
Issuance of ordinary shares pursuant to initial public offering	21	5,677,210	–	–	5,677,210
Capitalisation of share issuance expenses	21	(351,776)	–	–	(351,776)
Balance at 31 December 2017		7,941,947	(1,145,194)	–	6,796,753
Loss for the year		–	(5,217,062)	–	(5,217,062)
Other comprehensive loss					
Fair value loss on financial assets at fair value through other comprehensive income		–	–	(29,001)	(29,001)
Total comprehensive loss for the year		–	(5,217,062)	(29,001)	(5,246,063)
Issuance of ordinary shares	21	914,341	–	–	914,341
Balance at 31 December 2018		**8,856,288**	**(6,362,256)**	**(29,001)**	**2,465,031**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2018

	2018	2017
	US$	US$
Cash flows from operating activities		
Loss before tax	**(3,980,461)**	(886,746)
Adjustments for:		
Amortisation of intangible assets	**122,329**	36,404
Depreciation of property, plant and equipment	**112,458**	87,939
Property, plant and equipment written off	**6,581**	–
Gain on disposal of subsidiary [Note 13(iii)]	**(852,289)**	–
Bad debts written off (trade)	**105,452**	–
Goodwill written off	**–**	408
(Reversal of)/impairment loss of property, plant and equipment	**(53,846)**	180,495
Interest expense	**76,436**	20,321
Interest income	**(477)**	(9,207)
Impairment loss on trade receivables	**179,270**	–
Impairment loss on advance to supplier refundable in cash	**269,666**	–
Impairment loss on intangible assets	**26,854**	–
Write-down of inventories	**531,364**	–
Unrealised exchange (gain)/loss	**(10,793)**	50,448
Operating cash flows before working capital change	**(3,467,456)**	(519,938)
Inventories	**(3,783,934)**	(3,428,583)
Receivables	**(551,208)**	(483,675)
Payables and contract liabilities	**5,610,040**	337,876
Currency translation adjustments	**2,293**	(4,271)
Cash flows used in operations	**(2,190,265)**	(4,098,591)
Income tax paid	**(224,833)**	(15,142)
Interest received	**477**	9,207
Net cash used in operating activities	**(2,414,621)**	(4,104,526)

The accompanying notes form an integral part of the consolidated financial statements.

	2018 **US$**	2017 US$
Cash flow from investing activities		
Purchases of property, plant and equipment	**(111,705)**	(85,586)
Purchase of intangible assets	**(214,290)**	(249,836)
Net cash outflow on acquisition of a subsidiary	**–**	(324)
Net cash inflow from disposal of a subsidiary [Note 13(iii)]	**287,830**	–
Addition of investment in financial asset at fair value through other comprehensive income	**(29,001)**	–
Net cash used in investing activities	**(67,166)**	(335,746)
Cash flow from financing activities		
Repayments of borrowings	**(153,827)**	(35,542)
Proceeds from issue of shares, net	**914,341**	5,178,528
Subscription for shares in subsidiaries by non-controlling interest	**–**	148,211
Proceeds from borrowings	**1,396,911**	–
Net decrease of amounts due to directors	**–**	(307,821)
Interest paid	**(76,436)**	(20,321)
Dividends paid to shareholders before Restructuring Exercise	**–**	(600,000)
Net cash generated from financing activities	**2,080,989**	4,363,055
Net decrease in cash and cash equivalents	**(400,798)**	(77,217)
Cash and cash equivalents at beginning of the financial year	**882,608**	937,535
Effects of exchange rate changes on cash and cash equivalents	**(1,308)**	22,290
Cash and cash equivalents at end of the financial year	**480,502**	882,608

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	2018 **US$**	2017 US$
Cash and cash equivalents	**1,132,030**	882,608
Less: Bank overdrafts (Note 17)	**(651,528)**	–
Cash and cash equivalents per consolidated statement of cash flows	**480,502**	882,608

The accompanying notes form an integral part of the consolidated financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

Y Ventures Group Pte. Ltd. (the "Company") (Co. Reg. No. 201300274R) was incorporated as a private limited company domiciled in Singapore on 2 January 2013. On 6 June 2017, the Company was converted into a public company limited by shares and changed its name to Y Ventures Group Ltd.. The Company is listed on the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-Catalist").

The registered office of the Company is at 1 Lorong 2 Toa Payoh, #05-06 Braddell House, Singapore 319637.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements are presented in United States Dollar ("US$"), which is the Company's functional currency. The financial statements have been prepared in accordance with provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within next financial year, are disclosed in Note 3 to the financial statements.

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("SGX"), the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I).*

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented statement of financial position as at 1 January 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements.

SFRS(I) *First-time Adoption of SFRS(I)*

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The application and transition to SFRS(I) did not have any significant impact on these financial statements and statements of financial position of the Group and the Company as at 31 December 2017 and 1 January 2017.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required 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 incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

2 Summary of significant accounting policies (cont'd)

a) **Basis of preparation (cont'd)**

New and revised standards (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers (cont'd)*

The Group adopted SFRS(I) 15 using the full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application. Updates to the Group's accounting policy have been made as required.

At the date of initial application and 31 December 2018, the Group has assessed that the adoption of SFRS(I) 15 does not have any material impact to the financial position and results of the Group.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

On 1 January 2018, the Group adopted SFRS(I) 9 Financial Instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of application. The impact arising from SFRS(I) 9 adoption was included in the opening accumulated losses/retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

The impact upon adoption of SFRS(I) 9 as at 1 January 2018 was as follows:

(i) *Classification and measurement*

Under SFRS(I) 9, the Group and the Company classify its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest were made based on the facts and circumstances as at the initial recognition of the assets.

Loans and receivables (including trade and other receivables (excluding prepayments, advance to suppliers, GST receivables and tax recoverable) and cash and bank balances) as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

(ii) *Impairment*

SFRS(I) 9 requires the Group and Company to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis.

At the date of initial application and 31 December 2018, the Group has assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting date but are not yet effective for the financial year ended 31 December 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below.

SFRS(I) 16 Leases

SFRS(I) 16 replaces the existing FRS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening accumulated losses as at 1 January 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of US$694,675 [Note 25(b)]. The Group expects to recognise the above right-of-use assets and lease liabilities on 1 January 2019. The Group is in the process of performing a detailed assessment of the impact.

2 Summary of significant accounting policies (cont'd)

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balance and transactions, including income, expenses and dividends are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. Under this method, the Company has been treated as the holding company of the subsidiaries as if combination had occurred from the date the subsidiaries first came under the control of the same shareholders. Accordingly, the results of the Group include the results of the subsidiaries for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were only established upon/after the listing of the Company on SGX-Catalist in 2017.

Pursuant to this:

- Assets and liabilities are reflected at their existing carrying amounts;
- 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;
- Prior to the issue of shares by the Company in connection with the 2017 Restructuring Exercise, the aggregate equity of the subsidiaries held directly by the Company is shown as the Group's equity for financial years under review;
- Upon the completion of the Restructuring Exercise, any difference between the consideration paid by the Company and the equity 'acquired' is reflected within the equity of the Group as merger reserve; and
- Non-controlling interests are measured at the non-controlling interest proportionate share of the entities' net assets.

All other business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

2 Summary of significant accounting policies (cont'd)

b) Basis of consolidation (cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statements of comprehensive income, statements of changes in equity and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated losses/retained earnings if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investments, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

2 Summary of significant accounting policies (cont'd)

d) **Property, plant and equipment**

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the depreciable amount of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Freehold property	50
Vehicles	5
Renovation	3
Furniture and fittings	3
Office equipment	1

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

e) **Intangible assets**

Acquired computer software development costs

Acquired computer software development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its original specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software development costs are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful lives of 3 years.

2 Summary of significant accounting policies (cont'd)

f) Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Financial assets

The accounting policy for financial assets before 1 January 2018 are as follows:

Classification

The Group's only financial assets are loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "trade and other receivables" (excluding prepayment, advance to suppliers, GST receivable and tax recoverable), and "cash and bank balances" on the statement of financial position.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

2 Summary of significant accounting policies (cont'd)

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

The accounting policy for financial assets before 1 January 2018 are as follows (cont'd):

Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Impairment

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the assets does not exceed the amortised cost at the reversed date.

The accounting policy for financial assets from 1 January 2018 onwards are as follows:

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

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

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income ("FVOCI").

The classification is based on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

2 Summary of significant accounting policies (cont'd)

g) Financial assets (cont'd)

The accounting policy for financial assets from 1 January 2018 are as follows (cont'd):

Subsequent measurement

Debt instruments

Debt instruments include cash and bank balances, trade and other receivables (excluding prepayments, advance to suppliers, GST receivable and tax recoverable). These are subsequently measured at amortised cost based on the Group's business model for managing the asset and cash flow characteristics of the asset.

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Equity instruments

The Group subsequently measures all its equity investments at their fair values. For equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination, the Group make an irrevocable election (on an investment by investment basis) to designate equity investments as at financial assets at fair value through other comprehensive income ("FVOCI").

The Group has designated all of its equity investments that are not held for trading as at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment classified as FVOCI, the difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "Revenue". Equity investments classified as FVOCI are not subject to impairment assessment.

2 Summary of significant accounting policies (cont'd)

g) Financial assets (cont'd)

The accounting policy for financial assets from 1 January 2018 are as follows (cont'd):

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. 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 impairment methodology applied depends on whether there has been a significant increase in credit risk. 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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

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

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

h) Cash and cash equivalents in the statement of cash flows

For the purposes of presentation in the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts that form an integral part of the Group's cash management. Bank overdrafts are presented as current borrowings on statements of financial position.

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2 Summary of significant accounting policies (cont'd)

j) **Financial liabilities**

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

k) **Financial guarantees**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected loss computed using the impairment methodology under FRS 109. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder.

l) **Provisions for other liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

2 Summary of significant accounting policies (cont'd)

m) **Share capital**

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.

n) **Revenue recognition**

The change from risk-and-reward approach to the contract-by-contract transfer-of-control approach does not materially affect the point in time when revenue is recognised under the Group's current contract terms, business practice and accounting policy.

The adoption of SFRS(I) 15 does not have a significant impact on when the Group recognises revenue from the provision of services and this change in accounting policy has no material impact at the date of initial application and for the financial year ended 31 December 2018.

The accounting policy for revenue recognition from 1 January 2018 onwards are as follows:

Sale of goods

Revenue is recognised at a point in time when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of the adjusted for expected returns. Revenue from these sales is recorded based on the contracted price after considering expected sales returns. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is generally unconditional because only the passage of time is required before the payment is due and the risk of return is insignificant. For sale of goods where advances are received from customers, the differences between the consideration received in accordance with the payment terms and revenue recognised is classified as contract liabilities.

Revenue from logistics and freight forwarding services

Revenue from the above services is recognised at a point in time when control over the goods to be shipped/delivered is transferred to the customer and the timing of which is determined by the delivery and shipping contractual terms and International Commercial Terms. The performance obligation is measured at a point in time once the service has been completed upon transfer or delivery of goods as the performance obligation has been met. Payment of the transaction price is due immediately at the point when control over the goods is transferred to the customer. No element of financing is deemed present.

Waste management services

Revenue from waste management services rendered by the Group are recognised at a point in time when the services have been performed and completed as the service is generally completed within a day. Payment of the transaction price is due immediately at the point when services are completed. No element of financing is deemed present.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2 Summary of significant accounting policies (cont'd)

o) **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

p) **Operating leases**

When a group entity is the lessee:

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

q) **Employee benefits**

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlements

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

r) **Income taxes**

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

2 Summary of significant accounting policies (cont'd)

r) **Income taxes (cont'd)**

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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 currently enacted or substantively enacted tax rates at the end of the reporting date.

s) **Functional and foreign currencies**

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in United States Dollar, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the statement of financial position;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2 Summary of significant accounting policies (cont'd)

t) Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's consolidated financial statements in the period in which they are approved by the Company's shareholders.

u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3 Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

(a) ***Going concern assumption***

The Group reported a net loss and total comprehensive loss of US$3,995,315 and US$4,024,823 for the financial year, respectively. The Group also reported net cash used in operating activities for the financial year of US$2,414,621. As at 31 December 2018, the Group's and Company's accumulated losses amounted to US$3,016,943 and US$6,362,256 respectively.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

At the reporting date, the Group expects to fully drawdown on the unutilised balance of the current credit lines available within the next twelve months from the end of the reporting period and in the process of sourcing for new financing. In addition, the Group will be repaying fully the borrowings from a bank totalling US$876,120 at 31 December 2018 by end April 2019.

The Group's and Company's ability to continue as going concerns is dependent on Group's ability to raise additional capital by the issuance of new shares as the Company's shares are listed on the Singapore Exchange and ability to maintain its bank borrowings and credit terms with its major suppliers. It is also dependent on its ability to achieve targeted sales volume with improved margins primarily from the sales of goods on online marketplaces within the e-commerce retail and distribution segment in order to generate sufficient funds from operations to fund its liabilities and continuing operational costs.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

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

(a) ***Going concern assumption (cont'd)***

Nevertheless, in the preparation of the financial statements, the directors believe that the use of going concern assumption is appropriate as the Group will be able to continue to rely on certain major suppliers' extended credit terms of three to six months and hence would have sufficient cash from the drawdown of the credit lines available, cash generated from operations and other potential fund raising actions to fund the continuing operations and to repay its debts as and when they fall due within the next twelve months after the reporting date. In addition two of the major shareholders-cum-directors, Mr Low Yik Sen and Mr Low Yik Jin, have signed a Deed of Undertaking to unconditionally provide continuous financial assistance to the Group of up to US$1 million in order to meet its obligations and to carry on its business for a period of twelve months from the reporting date.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities or realise their assets in the normal course of business. Adjustments may have to be made to these financial statements to reflect the situation that assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

(b) ***Functional currency***

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities' operate and the entities' process of determining sales prices.

Key sources of estimation uncertainty

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

(i) *Write-down of inventories*

Where necessary, inventories are written down to net realisable value for estimated losses where the cost of inventories may not be recoverable. The Group estimates the write-down based upon a detailed analysis of the ages of the inventories, product demand, anticipated selling prices and saleability of the products. Any significant changes in anticipated future selling price and saleability may result in the need to write-down inventories.

A write-down for slow moving and obsolete inventories to net realisable value amounting to US$531,364 (2017: US$Nil) was charged to the Group's profit or loss during the year.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 15.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

(ii) *Income taxes*

Significant judgement is involved in determining the group-wide provision for income taxes, including transfer pricing. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of tax payable and deferred tax liabilities are presented on the statements of financial position and tax recoverable is disclosed in Note 16.

(iii) *Impairment of non-financial assets*

At each reporting date, the Group assess whether there are any indications of impairment for all non-financial assets. The Group also assess whether there is any indication that an impairment loss recognised in prior periods for a non-financial asset, may no longer exist or may have decreased.

If any such indication exists, the Group estimate the recoverable amount of that asset. An impairment loss exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The carrying amounts of the Group's property, plant and equipment and intangible assets are disclosed in Notes 11 and 12 respectively.

(iv) *Investments in subsidiaries*

The Company reviews the investments in subsidiaries at the end of the financial year to determine whether there is any indication of impairment. An impairment exists when the carrying value of an asset or cash generating units exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use.

The carrying amounts of investments in subsidiaries at the end of the financial year are disclosed in Note 13.

(v) *Calculation of loss allowance*

When measuring ECL, the Group and the Company uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As the calculation of loss allowance on trade receivables and amounts due from subsidiaries is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables and amounts due from subsidiaries. Details of ECL measurement and carrying value of trade receivables and amounts due from subsidiaries at reporting date are disclosed in Note 27(b).

4 Revenue

	Group	
	2018	2017
	US$	US$
Sales of goods	**17,512,504**	13,614,896
Logistics and freight forwarding services	**42,012**	13,884
Waste management services	**511,331**	494,079
	18,065,847	14,122,859

All revenue are recognised at a point in time.

5 Other income

	Group	
	2018	2017
	US$	US$
Reversal of impairment loss of property, plant and equipment (Note 11)	**53,846**	–
Gain on disposal of subsidiary [(Note 13(iii))]	**852,289**	–
Government grants	**49,767**	14,999
Resale of goods collected	**49,154**	58,433
Storage services	**22,283**	33,603
Others	**86,841**	10,334
	1,114,180	117,369

6 Finance costs

	Group	
	2018	2017
	US$	US$
Interest expense:		
- Bank overdraft	**16,465**	–
- Trade facilities	**11,711**	–
- Secured loan	**11,992**	–
- Commercial property loan	**36,268**	20,321
	76,436	20,321

7 Loss before tax

	Group	
	2018	2017
	US$	US$
This is arrived at after charging/(crediting):		
Amortisation of intangible assets (Note 12)	**122,329**	36,404
Audit fee payable/paid to		
- auditor of the Company	**66,705**	56,531
- other auditors *	**3,878**	1,642
Foreign exchange losses, net	**75,650**	128,243
Fees for non-audit services		
- auditor of the Company	**11,742**	9,355
- other auditors*	**–**	–
Directors' fee	**51,654**	31,640
Goodwill written off	**–**	408
Depreciation of property, plant and equipment (Note 11)	**112,458**	87,939
(Reversal of)/impairment loss of property, plant and equipment (Note 11)	**(53,846)**	180,495
Initial public offering expenses	**–**	907,288
Rental expense	**212,371**	79,150
Personnel expenses (Note 8)	**2,293,494**	1,486,364
Write-back of impairment loss on receivable (Note 16)	**–**	(129,562)
Impairment loss on trade receivables (Note 16)	**179,270**	–
Impairment loss on intangible assets (Note 12)	**26,854**	–
Write-down of inventories	**531,364**	–
Bad debts written off (trade)	**105,452**	–
Impairment loss on advance from supplier refundable in cash (Note 16)	**269,666**	–
Property, plant and equipment written off	**6,581**	–

In 2017, in addition to the fees disclosed, the Group paid US$120,506 to the auditor of the Company in connection with the Company's initial public offering.

* Include independent member firms of the Baker Tilly International network.

8 Personnel expenses

	Group	
	2018	2017
	US$	US$
Staff costs:		
- Salaries, bonus and other benefits	**2,091,402**	1,360,493
- Defined contribution plans	**202,092**	125,871
	2,293,494	1,486,364

9 Tax expenses

	Group	
	2018	2017
	US$	US$
Tax expense attributable to loss is made up of:		
Current income tax	**2,525**	6,022
Deferred tax	**–**	17,574
Under/(over) provision in respect of previous financial year		
- income tax	**12,329**	1,180
- deferred tax	**–**	(2,771)
	14,854	22,005

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to loss in the countries where the Group operates due to the following factors:

	Group	
	2018	2017
	US$	US$
Loss before tax	**(3,980,461)**	(886,746)
Tax at the domestic rates applicable to loss in the countries where the Group operates	**(709,386)**	(484,320)
Singapore statutory stepped income exemption	**–**	(15,202)
Expenses not deductible for tax purposes	**189,035**	274,883
Income not subject to tax	**(101,384)**	(9,479)
Under/(over) provision of taxation in prior years	**12,329**	(1,591)
Deferred tax assets not recognised for the year	**622,814**	283,149
Utilisation of previously unrecognised temporary differences	**–**	(36,559)
Effect of tax incentive and rebate	**–**	(8,639)
Others	**1,446**	19,763
	14,854	22,005

9 Tax expenses (cont'd)

The income tax rate applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2017: 17%) and tax-free to 40% (2017: tax-free to 40%) respectively for the financial year ended 31 December 2018.

At the end of the reporting period, the Group has unutilised tax losses of US$4,038,000 (2017: US$1,169,000) that are available for carry forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. No deferred tax asset has been recognised as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

10 Earnings per share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Group	
	2018	2017
	US$	US$
Loss for the year attributable to equity holders of the Company (US$)	**(3,707,891)**	(787,433)
Weighted average number of ordinary shares	**204,506,849**	200,000,000[1]
Loss per shares (cents per share)		
- Basic and diluted	**(1.8)**	(0.4)

[1] The calculation for FY2017 the basic and diluted EPS are based on the post - IPO share capital of 200,000,000 shares.

Diluted earnings per share is same as basic earnings per share as there were no potential dilutive ordinary shares for the financial years ended 31 December 2018 and 31 December 2017.

11 Property, plant and equipment

	Freehold property US$	Vehicles US$	Renovation US$	Furniture and fittings US$	Office equipment US$	Total US$
Group						
2018						
Cost						
At 1.1.2018	1,523,832	167,001	105,411	23,147	115,653	1,935,044
Additions	–	–	92,416	2,029	17,260	111,705
Written off	–	–	(8,313)	–	–	(8,313)
Translation	–	(1,421)	(160)	(261)	(468)	(2,310)
At 31.12.2018	**1,523,832**	**165,580**	**189,354**	**24,915**	**132,445**	**2,036,126**
Accumulated depreciation and impairment losses						
At 1.1.2018	299,862	85,856	102,147	10,125	94,692	592,682
Depreciation charge	30,476	33,786	13,626	3,823	30,747	112,458
Written off	–	–	(1,732)	–	–	(1,732)
Reversal of impairment loss	(53,846)	–	–	–	–	(53,846)
Translation	–	(555)	(130)	(61)	(446)	(1,192)
At 31.12.2018	**276,492**	**119,087**	**113,911**	**13,887**	**124,993**	**648,370**
Net carrying value						
At 31.12.2018	**1,247,340**	**46,493**	**75,443**	**11,028**	**7,452**	**1,387,756**
2017						
Cost						
At 1.1.2017	1,523,832	136,813	104,867	8,604	108,484	1,882,600
Additions	–	65,389	–	14,543	5,654	85,586
Written off	–	(35,674)	–	–	–	(35,674)
Translation	–	473	544	–	1,515	2,532
At 31.12.2017	1,523,832	167,001	105,411	23,147	115,653	1,935,044
Accumulated depreciation and impairment losses						
At 1.1.2017	88,891	97,897	89,201	8,253	73,727	357,969
Depreciation charge	30,476	23,335	12,806	1,850	19,472	87,939
Written off	–	(35,674)	–	–	–	(35,674)
Impairment loss	180,495	–	–	–	–	180,495
Translation	–	298	140	22	1,493	1,953
At 31.12.2017	299,862	85,856	102,147	10,125	94,692	592,682
Net carrying value						
At 31.12.2017	1,223,970	81,145	3,264	13,022	20,961	1,342,362

11 Property, plant and equipment (cont'd)

The Group's freehold property with a carrying amount of US$1,247,340 (2017: US$1,223,970) is mortgaged to secure the Group's commercial property loan (Note 17).

During the financial year, a subsidiary carried out a review of the recoverable amount of its freehold property because of indicators of impairment in accordance with accounting policy in Note 2(f). The estimated recoverable amount, which is the higher of fair value less costs to sell and value in use of the freehold property is US$1,247,340 (2017: US$1,223,970). The estimated recoverable amount is based on market value which is determined by the directors based on the direct comparison with recent transactions of comparable properties within the vicinity after considering differences in tenure, size, age and condition of the properties.

The fair value measurement is categorised in the Level 3 of the fair value hierarchy.

12 Intangible assets

	Group	
	2018	2017
	US$	US$
Computer software development costs		
Cost		
At 1 January	**249,836**	–
Additions	**214,290**	249,836
Translation	**(433)**	–
At 31 December	**463,693**	249,836
Accumulated amortisation and impairment		
At 1 January	**36,404**	–
Amortisation charge	**122,329**	36,404
Impairment loss	**26,854**	–
Translation	**(59)**	–
At 31 December	**185,528**	36,404
Net carrying value		
At 31 December	**278,165**	213,432

An impairment loss of US$26,854 was recognised in profit or loss under "administrative expenses" line item for the financial year ended 31 December 2018 for the intangible assets held by a subsidiary.

13 Investment in subsidiaries

	Company 2018 US$	Company 2017 US$
Unquoted shares, at cost		
At 1 January	**2,567,068**	–
Issuance of shares for acquisition of subsidiaries pursuant to the Restructuring Exercise	**–**	2,564,791
Investment in new subsidiaries	**2**	2,277
Disposal of a subsidiary	**(1)**	–
	2,567,069	2,567,068
Less: Allowance for impairment in value	**(222,261)**	–
	234,808	2,567,068

Movement in allowance for impairment in value are as follows:

	Company 2018 US$	Company 2017 US$
At 1 January	**–**	–
Allowance made	**222,261**	–
At 31 December	**222,261**	–

(i) Details of the subsidiaries are:

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest 2018	Proportion of ownership interest 2017
			%	%
Held by the Company				
LYJ International Pte. Ltd.[1]	Singapore	Procuring and holding of inventory before shipment to destination countries	**100**	100
Y Ventures Inc[3]	United States of America	Retail channel for US online marketplaces for books	**100**	100
JustNile Pte. Ltd.[1] (formerly known as JustNile (India) Pte. Ltd.)	Singapore	General import and export of products	**100**	100
JustNile Holdings[3]	Cayman Islands	Investment holding	**60**	60
Jaykin Distribution (India) Private Limited[3]	India	Dormant	**51**	51
Faire Holdings Pte. Ltd.[1]	Singapore	Online retail sales of leather accessories	**51**	51

13 Investment in subsidiaries (cont'd)

(i) Details of the subsidiaries are (cont'd):

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest 2018	2017
			%	%
JustNile UK Pte Ltd[(2)]	United Kingdom	Dormant	**100**	100
JustNile Malaysia Sdn. Bhd.[(2)]	Malaysia	Dormant	**100**	100
Evermint Pte Ltd[(1)(ii)]	Singapore	Dormant	**100**	–
Subsidiaries held by LYJ International Pte. Ltd.				
JustNile (SEA) Pte. Ltd.[(1)]	Singapore	Procuring of book products	**100**	100
Skap Logistics Pte. Ltd.[(1)]	Singapore	Order fulfilment, logistics and freight forwarding	**100**	100
Avalon Worldwide Group Ltd.[(3)]	British Virgin Islands	Retail channel for sale of books to wholesalers	**100**	100
Subsidiaries held by JustNile Holdings				
JustNile Inc[(3)]	United States of America	Retail channel for USA online marketplaces for non-book products	**60**	60
JustNile Distribution Ltd.[(3)]	British Virgin Islands	Trading entity for merchandises sold through JustNile Inc	**60**	60
JustNile International Corp.[(2)]	Taiwan	Procuring home and décor merchandises from Taiwan and the People's Republic of China and holding the inventories in Taiwan	**60**	60
Subsidiary held by Skap Logistics Pte. Ltd.				
Skap Waste Management Pte. Ltd.[(1)]	Singapore	Waste management services	**100**	100
Subsidiary held by Evermint Pte Ltd				
Shenzhen Evermint Technology Company Limited[(2)](ii)	PRC	Development and sales of electronic products	**100**	–

(1) Audited by Baker Tilly TFW LLP.
(2) Audited by independent overseas member firms of Baker Tilly International.
(3) Not required to be audited for the financial year ended 31 December 2018 by law of incorporation, and audited by Baker Tilly TFW LLP for the purpose of preparation of the consolidated financial statements.

13 Investment in subsidiaries (cont'd)

(ii) During the financial year, the Group has incorporated wholly-owned subsidiaries, Evermint Pte Ltd, Shenzhen Evermint Technology Company Limited and Luminore 8 Pte. Ltd. ("Luminore 8").

(iii) On 26 October 2018, the Company disposed 40% equity interest in Luminore 8 for a cash consideration of US$290,025 to third party. Luminore 8 is now 20% held by the Company. Accordingly, Luminore 8 ceased to be a subsidiary of the Company.

The effect of the disposal of the subsidiary on the consolidated statement of cash flows are as follows:

	Group US$
Trade and other receivables	103,995
Cash and bank balances	2,195
Trade and other payables	(668,454)
Net liabilities of disposed group	(562,264)
Gain on disposal of subsidiary	852,289
Total cash consideration	290,025
Less: Cash and cash equivalents in subsidiary disposed off	(2,195)
Net cash inflows on disposal of subsidiary	287,830

The retained 20% equity interest is carried at US$1 and reclassified to financial assets at fair value through other comprehensive income (Note 14).

(iv) At the end of reporting period, there are no subsidiaries with non-controlling interests that are considered by management to be material to the Group. Accordingly, the summarised financial information of the subsidiaries is not disclosed.

(v) Company level - Impairment review of investment in subsidiaries

During the financial year, management performed an impairment test for investment in a subsidiary as this subsidiary had been incurring losses in the current and past financial years.

An impairment loss of US$222,261 (2017: US$Nil) is recognised in the Company's profit or loss for the year ended 31 December 2018 to write down the full costs of investment in a subsidiary. The estimate of the recoverable amount has been determined by management based on net assets value of the subsidiary as at 31 December 2018, which approximates the recoverable amount of the investment in the subsidiary as management do not currently have any future plans for the operations of this subsidiary.

For other significant subsidiaries which have recurring losses for the current and prior financial years, management had performed an impairment assessment of recoverable investment in these subsidiaries. In determining the recoverable amounts of investment in investment in these subsidiaries, the recoverable amounts were determined from value-in-use calculation using discounted cash flow projections. The pre-tax discount rate and terminal growth rate applied to the discounted cash flow projection was 16% and 2% respectively.

Based on management's assessment, no allowance for impairment loss on investments in these other subsidiaries are necessary at the end of the reporting period. With regards to the assessment of value in use, management believes that the changes in the estimated recoverable amount from any reasonably possible changes in any of the above key assumption would not cause the recoverable amount to be materially lower than the carrying amounts of subsidiaries.

14 Financial assets at fair value through other comprehensive income

	Group	
	2018	2017
	US$	US$
Equity investments designated at FVOCI		
Unquoted equity shares		
At 1 Jan 2018	**–**	–
Addition	**29,001**	–
Fair value loss	**(29,001)**	–
	–	–

Unquoted equity shares represent interest in a company in Singapore, which is engaged in retail channel and e-commerce buying platform company. This investment in equity shares is not held for trading.

Accordingly, management has elected to designate this investment in equity shares at fair value through other comprehensive income. It is the Group's strategy to hold this investment for long-term purposes.

The fair value of unquoted equity shares is based estimated of value made by the directors on 31 December 2018.

15 Inventories

	Group	
	2018	2017
	US$	US$
Finished goods	**9,312,820**	6,060,250

Inventories recognised as an expense in cost of sales for the financial year ended 31 December 2018 amounted to US$11,688,105 (2017: US$7,360,973).

16 Trade and other receivables

	Group		Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
Trade receivables (third parties)	**832,653**	709,176	**–**	–
Less: Allowance for impairment	**(179,270)**	–	**–**	–
	653,383	709,176	**–**	–
Advance to suppliers	**205,436**	300,177	**–**	–
Deposits	**79,959**	68,324	**33,491**	–
Due from a non-controlling shareholder of the subsidiaries	**98,719**	150,906	**–**	–
Due from subsidiaries	**–**	–	**4,745,314**	6,039,946
Advance from supplier refundable in cash	**294,653**	–	**–**	–
GST receivables	**22,246**	–	**3,426**	–
Other receivables	**10,614**	66,474	**–**	47,883
Prepayments	**99,001**	8,796	**10,561**	–
Tax recoverable	**3,440**	1,107	**–**	–
	814,068	595,784	**4,792,792**	6,087,829
Less: Allowance for impairment	**(269,666)**	–	**(4,595,314)**	–
	544,402	595,784	**197,478**	6,087,829
	1,197,785	1,304,960	**197,478**	6,087,829

Movements of allowance for doubtful receivables (trades) are as follows:

	Group	
	2018	2017
	US$	US$
At 1 January	**–**	129,562
Write back of allowance (Note 7)	**–**	(129,562)
At 31 December	**–**	–

Credit loss allowance on advance from supplier refundable in cash and amounts due from subsidiaries recognised as expenses amounted to US$269,666 (2017: US$Nil) and US$4,595,314 (2017: US$Nil) in the Group and Company respectively.

The amount due from a non-controlling shareholder of the subsidiaries relates to advances paid for purchases to be made on behalf of the subsidiaries.

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand except for US$3,100,000 (2017: US$Nil) with interest of 12% (2017: Nil) per annum.

17 Borrowings

	Group	
	2018	2017
	US$	US$
Non-current		
Commercial property loan, secured	**915,888**	942,602
Current		
Commercial property loan, secured	**32,396**	36,834
Bank overdraft, secured	**651,528**	–
Trade facilities, secured	**876,120**	–
Secured loan, secured	**387,323**	–
	1,947,367	36,834
	2,863,255	979,436

Commercial property loan is repayable over 300 monthly instalments from March 2014 and bears a fixed rate of 2.48% (2017: floating interest rate of 1.10% over the applicable 3-month Singapore Interbank Offered Rate) per annum.

Bank overdraft is repayable on demand and bears a floating rate of 0.75% (2017: Nil) per annum over the Singapore's bank prime lending rate.

Commercial property loan and bank overdraft are secured by the following:

(i) A first legal mortgage over the Group's freehold property (Note 11);
(ii) Joint and several guarantees from certain directors of the Company; and
(iii) Corporate guarantee for S$3,600,000 (2017: S$2,600,000) executed by the Company.

Trade facilities bears a floating interest rate of 2.00% (2017: Nil) per annum over the Singapore's bank prime lending rate and secured by the joint and several guarantees from certain directors of the Company.

Secured loan bears fixed interest rate of 10.22% (2017: Nil) per annum and is secured by inventories of a subsidiary with carrying value of US$8,761,168 at 31 December 2018.

Based on the discounted cash flow analysis using a discount rate based upon market lending rate for similar borrowings which the directors expect would be available to the Group at the end of the reporting date, the fair value of the fixed rate non-current borrowings at the end of the reporting date approximate their carrying values as there are no significant changes in the market lending interest rates available to the Group at the end of the reporting date.

In 2017, the Group's non-current borrowing is a floating rate instrument that is repriced to market interest rate on or near the end of the reporting period. Accordingly, the fair value of this floating rate non-current borrowing approximates its carrying amount at the end of the reporting period. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

17 Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flow arising from financing activities:

	Commercial property loan US$	Trade facilities US$	Secured loan US$	Total US$
Group				
Balance at 1 January 2018	979,436	–	–	979,436
Changes from financing cash flows:				
- Proceeds	–	886,911	510,000	1,396,911
- Repayments	(31,150)	–	(122,677)	(153,827)
- Interest paid	(36,268)	(11,711)	(11,992)	(59,971)
Non-cash changes:				
- Interest expense	36,268	11,711	11,992	59,971
Effect of changes in foreign exchange rates	(2)	(10,791)	–	(10,793)
Balance at 31 December 2018	**948,284**	**876,120**	**387,323**	**2,211,727**

	Commercial property loan US$	Amounts due to directors US$	Total US$
Balance at 1 January 2017	964,530	307,821	1,272,351
Changes from financing cash flows:			
- Repayments	(35,542)	(307,821)	(343,363)
- Interest paid	(20,321)	–	(20,321)
Non-cash changes:			
- Interest expense	20,321	–	20,321
Effect of changes in foreign exchange rates	50,448	–	50,448
Balance at 31 December 2017	979,436	–	979,436

18 Trade and other payables

	Group		Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
Trade payables (third parties)	**6,572,117**	1,726,611	**7,438**	–
Accrued expenses	**160,775**	172,915	**100,237**	78,505
Other payables	**84,358**	47,869	**20,526**	35,643
Sales tax payables	**7,000**	–	**–**	–
Amount due to director	**53,463**	–	**–**	–
Due to subsidiaries	**–**	–	**1,087**	2,173,395
	6,877,713	1,947,395	**129,288**	2,287,543

Amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

19 Contract liabilities

The Group receives payments from customers based on a billing schedule as established in contracts. Contract liabilities relate to advance received from customers for future deliveries of inventory. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

20 Amounts due to directors

The amounts were interest-free, non-trade in nature, unsecured and repaid during the previous year.

21 Share capital

	Group				Company			
	2018		2017		2018		2017	
	No. of shares	US$	No. of shares	US$	No. of shares	US$	No. of shares	US$
Group								
At 1 January	**200,000,000**	**7,941,947**	2,133,500	307,942	**200,000,000**	**7,941,947**	70,000	51,723
Issue of ordinary shares	**5,000,000**	**914,341**	–	–	**5,000,000**	**914,341**	–	–
Issuance of ordinary shares pursuant to the Restructuring Exercise	**–**	**–**	2,930,000	2,564,790	**–**	**–**	2,930,000	2,564,790
Adjustments pursuant to the Restructuring Exercise	**–**	**–**	(2,063,500)	(256,219)	**–**	**–**	–	–
Sub-division of 1 ordinary share into 55 ordinary shares	**–**	**–**	162,000,000	–	**–**	**–**	162,000,000	–
Issuance of ordinary shares pursuant to the initial public offering ("IPO")	**–**	**–**	35,000,000	5,677,210	**–**	**–**	35,000,000	5,677,210
Capitalisation of share issuance expenses	**–**	**–**	–	(351,776)	**–**	**–**	–	(351,776)
At 31 December	**205,000,000**	**8,856,288**	200,000,000	7,941,947	**205,000,000**	**8,856,288**	200,000,000	7,941,947

On 8 January 2018, the Company issued 5,000,000 ordinary share of S$0.240 (equivalent to US$0.183) per share for cash to provide fund for the expansion of the Group's operations.

On 2 June 2017, the shareholders approved the following:

(a) the allotment and issue of 2,930,000 shares in share capital of the Company for the acquisition of the Company's subsidiaries pursuant to the Restructuring Exercise;

(b) the sub-division of 3,000,000 shares in the issued and paid up capital of the Company into 165,000,000 shares.

An additional 35,000,000 new shares were issued and allotted on 7 July 2017 in connection with the listing of the Company on SGX-Catalist. As such, the enlarged share capital of the Company was US$7,941,947 comprising 200,000,000 ordinary shares, after taking into account the capitalisation of share issuance expenses of approximately US$351,776.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have no par value, carry one vote per share without restrictions.

The new issued shares rank parri passu in all respect with the previously issued shares.

22 Merger reserve

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control.

23 Dividends paid before restructuring exercise

	Group	
	2018	2017
	US$	US$
Ordinary dividends		
Dividends on ordinary shares:		
Avalon Worldwide Group Ltd		
In 2017, interim tax-exempt dividend for US$2,000.00 per share	**–**	**600,000**

In 2017, the dividend was declared by the subsidiary to its original shareholders before the 2017 Restructuring Exercise. The dividend per share was calculated based on the number of ordinary shares of the subsidiary in issue as at date of dividend declaration.

24 Related parties transactions

(a) In addition to the information disclosed elsewhere in the financial statements, the following related parties transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

	Group	
	2018	2017
	US$	US$
With directors		
Dividends paid to	–	(400,000)
Consideration for acquisition of a subsidiary	–	779
With related parties		
Dividends paid to	–	(200,000)

Related parties are original shareholders of the subsidiaries before the 2017 Restructuring Exercise.

24 Related parties transactions (cont'd)

(b) Key management personnel compensation:

	Group	
	2018	2017
	US$	US$
Directors' remuneration		
- Salaries	**444,392**	335,456
- Defined contribution plans	**18,153**	17,805
	462,545	353,261
Key management personnel's remuneration (non-directors)		
- Salaries	**167,567**	143,356
- Defined contribution plans	**23,183**	21,217
	190,750	164,573
	653,295	517,834

25 Commitments

(a) **Capital commitment**

Capital commitment not provided for in the financial statements:

	Company	
	2018	2017
	US$	US$
Capital commitment in respect of investment in a subsidiary	**520,000**	–

(b) **Lease commitments**

The Group leases offices and warehouses from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group	
	2018	2017
	US$	US$
Not later than one financial year	**350,623**	101,070
Later than one financial year but not later than five financial years	**344,052**	–
	694,675	101,070

26 Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

(a) Financial guarantee

The Company has provided a corporate guarantee of S$3,600,000 (approximately US$2,641,407) (2017: S$2,600,000) (approximately US$1,945,234), to a bank's guarantee facility taken by a subsidiary of US$948,284 (2017: US$979,436) drawn down by its subsidiary at the end of the reporting period.

This guarantee is subject to the impairment requirements of SFRS(I) 9. The Company has assessed that no significant credit losses will arise from this financial guarantee as the borrowings drawdown under this facility is fully secured by the Group's freehold property.

27 Financial instruments

a) **Categories of financial instruments**

Financial instruments at their carrying amounts at reporting date are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
Financial assets				
Loans and receivables (including cash and cash equivalents)	**–**	1,877,488	**–**	6,517,228
Financial assets at amortised costs	**1,999,692**	–	**235,524**	–
Financial liabilities				
At amortised cost	**9,740,968**	2,926,831	**129,288**	2,287,543

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

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

27 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Foreign currency risk

The Group has exposures arising from transactions, assets and liabilities that are denominated in currencies other than their respective functional currencies of entities in the Group. The currency giving rise to this risk is primarily the Singapore Dollar ("SGD").

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at a level that is deemed acceptable by management.

The Group's foreign currency exposure to SGD based on the information provided to key management is as follows:

	Group	Company
	US$	US$
2018		
Financial assets		
Trade and other receivables	**156,090**	**3,426**
Cash and bank balances	**310,929**	**10,884**
	467,019	**14,310**
Financial liabilities		
Trade and other payables	**446,471**	**128,201**
Borrowings	**2,475,932**	**–**
	2,922,403	**128,201**
SGD currency exposure on net financial liabilities	**(2,455,384)**	**(113,891)**
2017		
Financial assets		
Trade and other receivables	70,463	–
Cash and bank balances	462,077	422,938
	532,540	422,938
Financial liabilities		
Trade and other payables	246,613	78,505
Borrowings	979,436	–
	1,226,049	78,505
SGD currency exposure on net financial (liabilities)/assets	(693,509)	344,433

27 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's loss after tax:

	Group (Decrease)/increase in loss after tax		Company (Decrease)/increase in loss after tax	
	2018	2017	**2018**	2017
SGD/USD				
- strengthened 10%	**203,797**	57,562	**9,453**	(28,588)
- weakened 10%	**(203,797)**	(57,562)	**(9,453)**	28,588

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their bank borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Borrowings at fixed rates expose the Group to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates).

The Group's income and operating cash flows are substantially independent of changes in market interest rates as interest expense on borrowing is not significant to the Group's profit or loss.

Sensitivity analysis for interest rate risk is not disclosed as the effect on the profit or loss is considered not significant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

27 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

27 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

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

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

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

Definition of default

The Group considers the information (developed internally or obtained from external sources) that the debtor is unlikely to pay its creditors, including the Group, in full, as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet these criteria are generally not recoverable.

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

27 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Maximum exposure and concentration of credit risk

At the end of the reporting period, the Group's trade receivables comprise 1 debtor (2017: 2 debtors) that represented approximately 19% (2017: 32%) of the trade receivables.

The Company has significant concentration of credit risk exposure arising on amounts due from subsidiaries (Note 16). Non-trade balances due from subsidiaries are repayable on demand. The Company has made impairment allowance for expected credit losses of US$4,595,314 based on estimation of recoverable amounts from management's review of current status of the existing receivables and the financial conditions of the subsidiaries as at the end of the reporting period.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position and the corporate guarantees given by the Company to bank for the subsidiaries' bank borrowings disclosed in Note 26.

The expected credit loss for cash and cash equivalents and other receivables of the Group and the Company are immaterial as at 31 December 2018.

Trade receivables

The Group determines the ECL of trade receivables by making debtor-specific assessment of expected impairment loss for overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, past due status of debtors, debtors' ability to pay and forward-looking information specific to the debtors and economic environment.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

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

The Group has recognised a loss allowance of 100% against all trade receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

Based on a simplified approach for determining credit loss allowance for trade receivables as at 31 December 2018, an allowance for impairment amounting US$179,270 was recognised by the Group as at 31 December 2018 for specific debtors as a result of occurrence of credit impairment events.

27 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Financial assets at amortised cost

The table below details the credit quality of the Group's financial assets:

	12-month or lifetime ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
Trade receivables	Lifetime	832,653	(179,270)	653,383
Other receivables	N.A. Exposure Limited	189,292	–	189,292
Advance to supplier refundable in cash	Lifetime	294,653	(269,666)	24,987
Cash and bank balances with financial institutions	N.A. Exposure Limited	1,132,030	–	1,132,030

The table below details the credit quality of the Company' financial assets:

	12-month or lifetime ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
Due from subsidiaries	Lifetime	4,745,314	(4,595,314)	150,000
Other receivables	N.A. Exposure Limited	33,491	–	33,491
Cash and bank balances with financial institutions	N.A. Exposure Limited	52,033	–	52,033

Management expects that the expected credit loss for debts past due 31 to 90 days is not significant based on historical experience of past due debts and all debts with consideration of impairment was fully impaired as at 31 December 2018.

Movements in credit loss allowance

There are no movement in the allowance for impairment of financial assets under SFRS(I) 9 during the financial year for the Group and Company except for the following:

	Trade receivables US$	Advance from supplier refundable in cash US$
Group		
Balance at 1 January 2018	–	–
Loss allowance measured		
Lifetime ECL		
- Credit-impaired	179,270	269,666
Balance at 31 December 2018	179,270	269,666

27 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Movements in credit loss allowance (cont'd)

There are no movement in the allowance for impairment of financial assets under SFRS(I) 9 during the financial year for the Group and Company except for the following (cont'd):

	Amount due from subsidiaries US$
Company	
Balance at 1 January 2018	–
Loss allowance measured:	
Lifetime ECL	4,595,314
Balance at 31 December 2018	4,595,314

Previous accounting policy for impairment of financial assets

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are substantially with corporate customers with good collection track record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The table below is an ageing analysis of trade receivables of the Group:

	2017 US$
Not past due and not impaired	521,272
Past due but not impaired	187,904
	709,176

The age analysis of trade receivables of the Group that are past due but not impaired are as follows:

	2017 US$
Past due < 30 days	139,660
Past due 30 to 60 days	9,665
Past due over 60 days	38,579
	187,904

There are no trade receivables that are past due and impaired.

27 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

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. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

As mentioned in Note 3(a) to the financial statements, the Group and the Company are dependent on the Group's ability to raise additional capital by the issurance of new shares, ability to maintain its bank borrowings and credit terms with its major supplier, and continuous financial assistance from two of the major shareholders-cum-directors, Mr Low Yik Sen and Mr Low Yik Jin, to the Group in order to meet its obligations and to carry on its business for a period of twelve months from the reporting date.

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Repayable on demand or within 1 year US$	Within 2 to 5 years US$	Over 5 years US$	Total US$
Group				
At 31 December 2018				
Trade and other payables	6,877,713	–	–	6,877,713
Borrowings	1,947,367	156,288	759,600	2,863,255
	8,825,080	**156,288**	**759,600**	**9,740,968**
At 31 December 2017				
Trade and other payables	1,947,395	–	–	1,947,395
Borrowings	58,064	232,255	934,678	1,224,997
	2,005,459	232,255	934,678	3,172,392
Company				
At 31 December 2018				
Trade and other payables	**129,288**	**–**	**–**	**129,288**
At 31 December 2017				
Trade and other payables	2,287,543	–	–	2,287,543

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantees could be called.

	Company One year or less	
	2018	2017
	US$'000	US$'000
Financial guarantee contracts	**948,284**	979,436

28 Fair values of assets and liabilities

a) Fair value hierarchy

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

a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

b) Assets not carried at fair value but for which fair value disclosed

The fair value of the freehold property is categorised within Level 3. The basis of determining fair value for disclosure at the end of the reporting date is disclosed in Note 11.

c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and liabilities (except for commercial property loan) recorded in the combined financial statements approximate their fair values either due to their short-term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of non-current commercial property loan approximate its fair value as this financial instrument bears interest rate which approximates the market interest rates at the end of the reporting date. The fair value measurement for disclosure purpose is categorised in Level 3 of the fair value hierarchy.

29 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The capital structure of the Group consists of equity attributable to owners of the Company comprising share capital, currency translation reserve, retained earnings and borrowings, and continuous financial assistance from two of the major shareholders-cum-directors, Mr Low Yik Sen and Mr Low Yik Jin. The Group's overall strategy remains unchanged for the financial years ended 31 December 2017 and 2018.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2017 and 2018.

30 Segment information

The Group is organised into business units based on its business segments purposes. The reportable segments are e-commerce retail and distribution, logistics and freight forwarding services, and waste management services which are described below. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

30 Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows:

	E-commerce retail and distribution		Logistics and freight forwarding services		Waste management services		Others		Eliminations		Per consolidated financial statements	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	US$	US$	**US$**	US$	**US$**	US$	**US$**	US$	**US$**	US$	**US$**	US$
Revenue:												
External customers	**17,512,504**	13,614,896	**42,012**	13,884	**511,331**	494,079	**–**	–	**–**	–	**18,065,847**	14,122,859
Intersegment sales	**–**	–	**421,613**	752,899	**–**	–	**–**	–	**(421,613)**	(752,899)	**–**	–
Total revenue	**17,512,504**	13,614,896	**463,625**	766,783	**511,331**	494,079	**–**	–	**(421,613)**	(752,899)	**18,065,847**	14,122,859
Segment (loss)/profit:	**(2,554,246)**	287,826	**115,470**	7,758	**120,601**	49,881	**(397,755)**	(1,036,614)	**–**	–	**(2,715,930)**	(691,149)
Depreciation	**(88,365)**	(78,062)	**(4,922)**	(7,758)	**(17,439)**	(2,119)	**(1,732)**	–		–	**(112,458)**	(87,939)
Amortisation	**(122,329)**	(36,404)	**–**	–	**–**	–	**–**	–		–	**(122,329)**	(36,404)
Impairment loss	**(953,308)**	(50,933)	**–**	–	**–**	–	**–**	–	**–**	–	**953,308**	(50,933)
Finance costs	**(76,436)**	(20,321)	**–**	–	**–**	–	**–**	–	**–**	–	**(76,436)**	(20,321)
Loss before tax											**(3,980,461)**	(886,746)
Income tax expense											**(14,854)**	(22,005)
Loss for the year											**(3,995,315)**	(908,751)
Segment assets	**10,592,088**	1,531,193	**494,015**	828,724	**165,541**	815,776	**2,594,319**	9,084,296	**(540,847)**	(2,457,484)	**13,305,116**	9,802,505
Unallocated assets											**3,440**	1,107
Total assets											**13,308,556**	9,803,612
Segment assets include:												
Additions to non-current assets	**–**	270,033	**–**	–	**–**	65,389	**–**	–	**–**	–	**–**	335,422
Liabilities												
Segment liabilities	**9,522,901**	6,698,995	**93,109**	529,652	**58,649**	92,229	**129,288**	2,287,543	**(51,711)**	(6,681,588)	**9,752,236**	2,926,831
Unallocated liabilities											**221,060**	431,039
Total liabilities											**9,973,296**	3,357,870

30 Segment information (cont'd)

Inter-segment revenue are eliminated on consolidation.

Inter-segment assets and liabilities are eliminated to arrive at the total assets and liabilities reported in the consolidated statements of financial position.

Others segment included unallocated expenses from investment holding company.

Segment results

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Income taxes are managed on a group basis and are not allocated to operating segments. Sales between operating segments are on terms agreed by the group companies concerned.

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than tax recoverable which is classified as unallocated assets.

Segment liabilities

The amounts provided to the management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than deferred tax liabilities and tax payable. These liabilities are classified as unallocated liabilities.

Geographical information

Revenue from external customers for e-commerce retail and distribution segment are generated from Hong Kong and online marketplaces. Geographical information for online marketplaces is not available, due to the nature of e-commerce, the end-consumers on the online marketplaces in United States of America ("USA") may not necessarily be residing in USA.

Revenue from external customers for logistics and freight forwarding services and waste management services segments are contributed by Singapore.

Property, plant and equipment and intangible assets are located in Singapore.

Information about major customers

The Group did not have any single customer contributing 10% or more to its revenue for the year ended 31 December 2018. Revenue of US$1,398,791 was derived from 1 customer who individually contributed 10% or more of the Group's revenue for the financial year ended 31 December 2017.

31 Significant events after the reporting period

The Company announced on 12 March 2019 that in consultation with SGX RegCo and the Company's Sponsor, the Company had appointed Deloitte and Touche Enterprise Risk Services Pte Ltd ("Deloitte") as the independent reviewer. It was announced that the scope of the independent review will include, inter alia, the review of the adequacy and effectiveness of the internal controls of the Group for the financial reporting period starting from 1 January 2014 to 31 December 2018; quantify and particularise any misstatements in the Group's prior years' financial statements as disclosed in the IPO offer document and to-date as a result of the internal control lapses and misstatements identified; and identify any possible breaches of the Singapore Exchange Rulebooks, Companies Act (Cap 50) and/or Securities and Futures Act (Cap 289), in relation to the internal control lapses and misstatements identified and identify the parties responsible for the possible breaches. As at the date of these financial statements, no report has been released by Deloitte in respect of the independent review.

32. Authorisation of combined financial statements

The consolidated financial statements of the Group for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors dated 15 April 2019.

SHAREHOLDINGS **STATISTICS**

As at 11 April 2019

Issued and Fully Paid-Up Capital	-	S$12,398,100
Number of Shares	-	205,000,000
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

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	25	5.30	13,800	0.01
1,001 - 10,000	174	36.86	1,174,800	0.57
10,001 - 1,000,000	259	54.87	18,835,600	9.19
1,000,001 AND ABOVE	14	2.97	184,975,800	90.23
TOTAL	**472**	**100.00**	**205,000,000**	**100.00**

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 11 April 2019, the percentage of shareholdings held in the hands of the public was approximately 16.9% 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

S/No	Name of Shareholder	Number of Shares	%*
1	LOW YIK JIN	71,115,000	34.70
2	DBS NOMINEES (PRIVATE) LIMITED	39,787,300	19.41
3	LOW YIK SEN	35,557,500	17.35
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,702,100	4.24
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,345,100	4.07
6	PHILLIP SECURITIES PTE LTD	5,287,600	2.58
7	CHIEN CHUNG MING	4,678,600	2.28
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,785,000	1.36
9	LIM CHEE CHYN	2,000,000	0.98
10	HSBC (SINGAPORE) NOMINEES PTE LTD	1,576,600	0.77
11	OCBC SECURITIES PRIVATE LIMITED	1,552,600	0.76
12	RAFFLES NOMINEES (PTE.) LIMITED	1,266,200	0.62
13	LIM & TAN SECURITIES PTE LTD	1,171,400	0.57
14	UOB KAY HIAN PRIVATE LIMITED	1,150,800	0.56
15	RHB SECURITIES SINGAPORE PTE. LTD.	977,500	0.48
16	HONG LEONG FINANCE NOMINEES PTE LTD	850,000	0.41
17	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	716,600	0.35
18	HO HEE TECK GERALD	618,600	0.30
19	HARALALKA ATIMA	600,000	0.29
20	CITIBANK NOMINEES SINGAPORE PTE LTD	484,900	0.24
	TOTAL	**189,223,400**	**92.32**

* 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 11 April 2019.

Name of Substantial Shareholder	Direct Interest Number of Shares	Direct Interest Percentage (%)[1]	Deemed Interest Number of Shares	Deemed Interest Percentage (%)[1]
Low Yik Sen[2]	35,557,500	17.35	38,307,500	18.69
Low Yik Jin[3]	71,115,000	34.70	2,750,000	1.34

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 11 April 2019.

(2) Mr Low Yik Sen is deemed to be interested in 38,307,500 shares held under a custodian nominee account.

(3) Mr Low Yik Jin is deemed to be interested in 2,750,000 shares held under a custodian nominee account.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Y Ventures Group Ltd. (the "**Company**") will be held at 1, Lorong 2 Toa Payoh, #05-06 Braddell House, Singapore 319637 on Monday, 6 May 2019 at 4:00 p.m. (the "**AGM**") 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 Lew Chern Yong as a Director of the Company retiring pursuant to Regulation 122 of the Company's Constitution. **Resolution 2**
   [See Explanatory Note (i)]

3. To re-elect Mr Low Yik Jin as a Director of the Company retiring pursuant to Regulation 117 of the Company's Constitution. **Resolution 3**
   [See Explanatory Note (ii)]

4. To re-elect Mr Edward Tiong Yung Suh as a Director of the Company retiring pursuant to Regulation 117 of the Company's Constitution. **Resolution 4**
   [See Explanatory Note (iii)]

5. To approve the payment of Directors' fees of S$87,000 (FY2017: S$43,500) for the financial year ended 31 December 2018. **Resolution 5**

6. To re-appoint Messrs Baker Tilly TFW LLP as the Independent Auditors of the Company and authorise the Directors of the Company to fix their remuneration. **Resolution 6**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without any amendments:

8. **Authority to issue shares in the capital of the Company 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 7**

   That pursuant to Section 161 of the Companies Act (Cap. 50) and 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 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 annual general meeting of the Company or (b) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

By Order of the Board

Wee Woon Hong
Company Secretary

Singapore,
18 April 2019

Explanatory Notes:

(i) Mr Lew Chern Yong will, upon re-election as a Director of the Company, remain as Executive Chairman and Director of the Company. Detailed information of Mr Lew Chern Yong pursuant to Rule 704(6) of the Catalist Rule can be found in the Annual Report 2018.

(ii) Mr Low Yik Jin will, upon re-election as a Director of the Company, remain as Chief Executive Officer and Executive Director of the Company. Detailed information of Mr Low Yik Jin pursuant to Rule 704(6) of the Catalist Rule can be found in the Annual Report 2018.

(iii) Mr Edward Tiong Yung Suh will, upon re-election as a Director of the Company, remain as Lead Independent Director of the Board, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees, and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information of Mr Edward Tiong Yung Suh pursuant to Rule 704(6) of the Catalist Rule can be found in the Annual Report 2018.

(iv) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue 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, 100.0% of the total number of issued ordinary shares, (excluding treasury shares and subsidiary holdings), of which up to 50.0% may be issued other than on a pro rata basis to shareholders of the Company.

Notes:-

a. A member of the Company (other than a Relevant Intermediary) entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

b. Relevant intermediary such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by him (which number and class of shares shall be specified).

c. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's Registered Office at 1, Lorong 2 Toa Payoh, #05-06 Braddell House, Singapore 319637 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. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

e. Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed 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 Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (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.

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Y VENTURES GROUP LTD.
(Company Registration No. 201300274R)
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. An Investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy. In which case, the CPF and SRS Investors shall be precluded from attending the AGM.
2. This proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purported to be used by them.

*I/We, ______________________ (Name) ______________________ (NRIC/Passport) of
____ (Address)

being a member/members of Y Ventures Group 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			

as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**AGM**") of the Company to be held at 1, Lorong 2 Toa Payoh, #05-06 Braddell House, Singapore 319637 on Monday, 6 May 2019 at 4:00 p.m. and at any adjournment thereof. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	For	Against
	ORDINARY BUSINESS		
1	Adoption of 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	Re-election of Mr Lew Chern Yong as Director		
3	Re-election of Mr Low Yik Jin as Director		
4	Re-election of Mr Edward Tiong Yung Suh as Director		
5	Approval of payment of Directors' Fees of S$87,000 for the financial year ended 31 December 2018		
6	Re-appointment of Messrs Baker Tilly TFW LLP as the Independent Auditors and authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
7	Authority 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, please indicate the number of votes as appropriate)

Dated this ______________ day of ______________, 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

**Delete where inapplicable*

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at the AGM of the Company. Where such member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second name proxy shall be deemed to be an alternate to the first named.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). Where such member appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's registered office at 1, Lorong 2 Toa Payoh, #05-06 Braddell House, Singapore 319637 not less than 72 hours before the time appointed for holding the AGM.

6. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

8. 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.

9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy 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 18 April 2019.

Y Ventures Group Ltd.
1 Lorong 2 Toa Payoh, #05-06
Braddell House,
Singapore 319637
Tel: +65 6344 0105
ask@yventures.com.sg
https://yventures.com.sg