

**Y VENTURES GROUP LTD.**  
A N N U A L R E P O R T 2 0 1 7



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

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

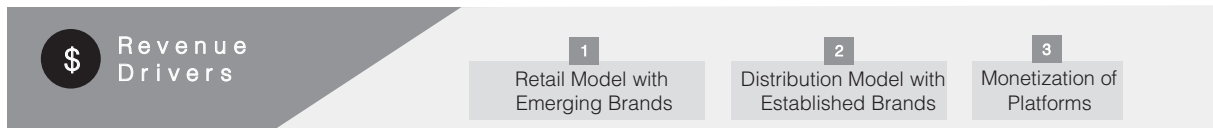
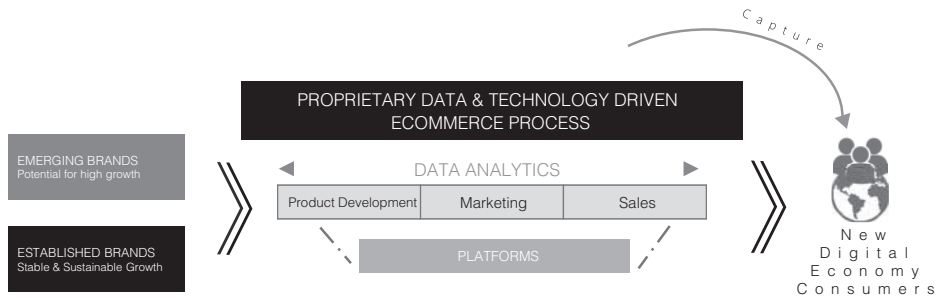
The contact person for the Sponsor is Mr Leong Weng Tuck, Registered Professional, RHT Capital Pte. Ltd., 9 Raffles Place #29-01 Republic Plaza Tower 1, Singapore 048619, Telephone: +65 6381 6888.

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# CORPORATE PROFILE



## 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

# CORPORATE PROFILE

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.

Websites:

<https://yventures.com.sg>

<https://faireleather.co>

## OUR PROCESSES

Data Mining

Qualitative & Quantitative Analysis

Data Insights & Predictive Modelling

Data-driven E-Commerce Process

Validation and Iteration

Our robust integrated Data Analytics Process utilises proprietary data mining techniques and cutting edge analytical tools to power our understanding of new economy consumers and capture market share.

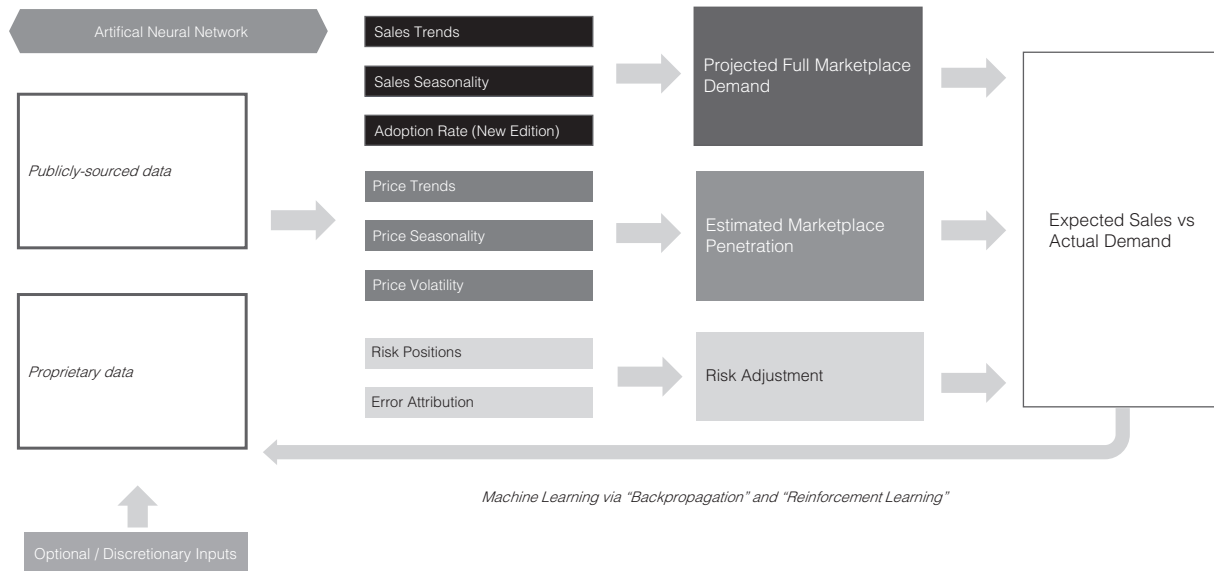
- Proprietary data mining methods to harvest sizeable amount of data in a scalable manner
- Ability to better analyse trends, consumer demand, develop targeted marketing plans, optimise prices and maximise sales
- Constant iteration to validate and improve on robustness of process
- Scalable technology that allows the business to grow at a fast pace

## Data Analytics

We utilise our data analytics capabilities and familiarity with the various online marketplaces in different jurisdictions to promote, market and sell merchandises, under third party brands as well as our private label, to boost our sales revenue. This is done through our comprehensive data analytics tools covering three main phases: (i) product sourcing; (ii) sales optimisation; and (iii) data insights. Under the product sourcing phase, we analyse historical

sales and pricing trends across online marketplaces, as well as the number of existing competing sellers and listings, to inform our business decisions on the types of merchandises to sell and distribute, optimal selling prices and quantities to stock. Thereafter, with the use of various data analytics tools to conduct consumer sentiment analysis, we dig deeper into the features and specifications of the merchandises that are preferred by and are most popular amongst consumers. Under the sales optimisation phase, we utilise the data from our consumer sentiment

# CORPORATE PROFILE



analysis to ensure listing optimisation of merchandises under third party brands and our private label, through specially designed listing titles and product descriptions. Additionally, we employ pricing algorithms to strategically price the merchandises we sell and distribute, and plan our optimal inventory levels. Under the data insights phase, using our collected sales data and product reviews on the merchandises we sell and distribute, we validate our data under the product sourcing phase and tease out any seasonality of sales for more targeted and informed marketing, sales and pricing strategies. We also conduct consumer sentiment analysis based on our collected sales data and product reviews to tease out qualitative insights on consumers' preferences on features and product specifications.

## **(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](http://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](http://www.junktoclear.com.sg)

# CHAIRMAN'S STATEMENT

## Dear Shareholders,

The Board of Directors is pleased to present Y Ventures Group Ltd's (the "**Company**") and together with its subsidiaries and subsidiary entities, the "**Group**") inaugural Annual Report for the financial year ended 31 December 2017 ("**FY2017**") since our successful listing on the Catalist of the SGX-ST on 11th July 2017.

It was a proud moment for us to be the first homegrown E-commerce company to list on the SGX-ST. We would like to take this opportunity to thank all shareholders for their confidence in us and their tremendous show of support for our Initial Public Offering ("**IPO**").

## ON THE HIGHWAY TO GROWTH

FY2017 was another milestone year for the Group. We achieved record revenues of US\$14.1 million, up 16.7% from the previous year, and laid the foundations for solid growth in FY2018. FY2017 was also a year we invested and strengthened our E-commerce capabilities for online retail, data analytics and product development.

## LOOKING TO THE FUTURE

We want to build an eco-system which encompasses online distribution and sales for both major and emerging brands, specialised technological capabilities for online retail, and hone our abilities in creating new products (including platforms) which will bring greater value to the consumer.

Our online distribution channels are strong, currently spanning mature markets such as North America, Europe and the fast-growing Southeast Asia. We brought onboard new established brands after our IPO that we are grateful to have the opportunity to work with as their preferred E-commerce partner.

We are especially proud of our Group's data analytics capability and how it has developed to this point over the years. The onboarding of new major brand partners as their E-commerce partner worldwide is also a testament of our capabilities to bring true value to the table and effectively sell online. While we aim to increase the number and types of products we retail, we will also keep our competitive edge sharp and fine tune our processes and abilities. To augment this task, we are constantly improving and upgrading our data analytics by utilising machine learning, improving our algorithms and predictive models as well as developing more efficient programs to automate and maximise sales.

While we always had a private label brand "JustNile" that has been performing well online, FY2017 was also the year we formed our first joint venture with Tocco Toscano, a Singapore leather goods company that has been producing quality leather goods for the past

30 years. Our joint venture, Faire Leather Co. ("**Faire Leather**"), is envisioned to be a Direct-To-Consumer (DTC) brand which creates functional luxury leather products and provides more value to the consumer without the high markups. In December 2017, Faire Leather successfully raised S\$406,000 in 50 days on Kickstarter. The process of creating these new products was a collaborative one, with us utilising state of the art qualitative analytics to find out the type of features consumers desire, and Tocco Toscano contributing their experience and know-how on leather production. While building a strong brand takes time, we are heartened that the collaboration process showcased our abilities to mine sentiment and product feature data to create products consumers love. Going forward we hope to create more products with a similar process.

The big data we mine also enables us to spot trends and opportunities in the online space. Developed after our IPO, in FY2018, we aim to launch our first E-commerce platform, AORA, a global buying service focusing on cross-border purchases. We hope that the AORA platform will eventually bring greater value to the consumers in Asia by focusing on a seamless buying experience, group savings and a sophisticated product marketplace geared towards the community.

We are also exploring opportunities to expand our business through acquisitions, joint ventures or strategic alliances with parties who can strengthen our market position, add value to our existing business, as well as augment our current capabilities. We believe such expansion could bring about greater economies of scale and provide an impetus for future growth.

It is our view that E-commerce is still in its early stages of expansion with plenty of opportunities available to those with the skills and vision to capitalise on them. Though we are still a growing enterprise, we hope to build a great company by creating value for our customers and in turn, our shareholders.

## ACKNOWLEDGEMENTS

We would like to also take this opportunity to express our gratitude to the management team, staff and business partners for their hard work and dedication this past year. We would also like to especially thank all our employees for the passion and tireless effort they bring to the office every day to constantly push the envelope to achieve more. Without our employees, the Group will not be where it is today. We look forward to crossing new challenges and scaling greater heights together in the year ahead.

Thank you.

### Mr Low Yik Sen

Executive Chairman and Managing Director  
Y Ventures Group Ltd.

# FINANCIAL REVIEW

## **FINANCIAL PERFORMANCE**

### **REVENUE**

Our revenue increased by approximately US\$2.0 million or 16.7% from US\$12.1 million in FY2016 to US\$14.1 million in FY2017. The increase was mainly due to an increase from the sales of goods on online marketplaces within the e-commerce retail and distribution segment.

### **COST OF SALES**

The costs of sales increased by US\$1.5 million or 21.5% from US\$6.8 million in FY2016 to US\$8.3 million in FY2017 mainly due to the increase in costs of products, logistics, freight and handling charges (that includes inbound freight and handling charges incurred for goods earmarked for sale in first quarter of FY2018).

### **GROSS PROFITS**

Our gross profits increased by US\$0.6 million or 10.5% from US\$5.3 million in FY2016 to US\$5.9 million in FY2017. The gross profit margin for FY2017 and FY2016 were approximately 41.6% and 43.9% respectively.

### **OTHER INCOME**

The other income decreased by 24.4% in FY2017 mainly due to the reduced utilisation of government grants as compared to FY2016.

### **SELLING AND DISTRIBUTION EXPENSES**

The selling and distribution expenses increased by US\$1.4 million or 70.2% from about US\$2.0 million in FY2016 to US\$3.3 million in FY2017. This was mainly due to the increase in marketplace fees, fees to third party logistics providers and inventory & inbound services fees due to the increase in sales of goods on online marketplaces.

### **ADMINISTRATIVE EXPENSES**

Administrative expenses increased by US\$1.8 million or 113.1% from US\$1.7 million in FY2016 to US\$3.5 million in FY2017 largely due to the one-off impairment loss of property, plant and equipment and IPO expenses incurred, as well as higher professional fees, marketing & promotional expenses, staff-related costs and exchange losses. The increase in expenses also includes expenses incurred for projects and products with revenue recognition in FY2018.

## **FINANCE COSTS**

Finance costs remains relatively similar at US\$0.02 million for FY2016 and FY2017.

## **LOSS AFTER TAX**

The losses after tax in FY2017 of approximately US\$0.9 million was mainly due to the one-off impairment loss of property, plant and equipment and IPO expenses incurred. Without taking into account these expenses, the Group would have recorded a profit after tax for the year.

## **FINANCIAL POSITION**

### **CURRENT ASSETS**

As at 31 December 2017, our current assets of approximately US\$8.2 million accounted for 84.1% of our total assets. Our current assets comprise mainly inventories, trade and other receivables and cash and bank balances.

Inventories as at 31 December 2017 amounted to approximately US\$6.1 million, accounting for 73.5% of our current assets.

Trade and other receivables as at 31 December 2017 amounted to approximately US\$1.3 million, accounting for 15.8% of our current assets.

Cash and bank balances as at 31 December 2017 amounted to approximately US\$0.9 million, accounting for 10.7% of our current assets.

### **NON-CURRENT ASSETS**

As at 31 December 2017, our non-current assets comprise mainly property, plant and equipment. Property, plant and equipment comprises freehold property located at East Coast Road, vehicles, renovations of rented warehouse, furniture and fittings and office equipment. The freehold property accounted for a significant portion of our non-current asset, amounting to US\$1.3 million.

Non-current assets increased by approximately 2.0% or US\$31,163 as at 31 December 2017 as compared to 31 December 2016 due to the addition of intangible assets offset by the impairment loss of the Group's property and depreciation of property, plant and equipment.

# FINANCIAL REVIEW

## CURRENT LIABILITIES

As at 31 December 2017, our current liabilities of approximately US\$2.3 million accounted for 71.0% of our total liabilities. Our current liabilities comprise trade and other payables, tax payable and borrowing.

Trade and other payables as at 31 December 2017 amounted to approximately US\$1.9 million, amounting for 81.7% of our current liabilities.

Tax payable as at 31 December 2017 amounted to approximately US\$0.4 million, accounting for 16.8% of our current liabilities.

## NON-CURRENT LIABILITIES

The non-current borrowing as at 31 December 2017 amounted to approximately US\$0.9 million, accounting for 96.8% of our non-current liabilities. The non-current borrowing comprise commercial property loan for our freehold property located at East Coast Road.

## WORKING CAPITAL

The group had working capital of US\$5.9 million as at 31 December 2017 as compared to US\$2.0 million as at 31 December 2016. The increase is attributable to higher inventories and trade and other receivables, offset by the increase in trade and other payables.

## SHAREHOLDERS' EQUITY

As at 31 December 2017, our shareholders' equity amounted to US\$6.4 million comprising US\$6.1 million of equity attributable to equity holder of the Company and non-controlling interests of US\$0.3 million.

## STATEMENT OF CASH POSITION

In FY2017, we recorded a net cash outflow from operating activities of US\$4.1 million, which was a result of operating profit before working capital changes of US\$0.5 million, adjusted for working capital outflows of US\$3.5 million, income tax paid of US\$15,142 and interest received from fixed deposits of US\$9,207. The decrease in net working capital was mainly due to the following:

- (a) increase in inventories of US\$3.4 million as a result of increase in inventory holdings for the expected increase in sales in the next quarter;
- (b) increase in trade and other receivables of US\$0.4 million as a result of increase in sales on online marketplaces, wholesale customers as well as advances made to suppliers; and
- (c) increase in trade and other payables of US\$0.3 million as a result of increase in purchases of inventories as well as credit limit granted by suppliers.

The net cash outflow from investing activities of US\$0.3 million was attributable to the purchase of property, plant and equipment and the addition of intangible assets.

The net cash inflow from financing activities of US\$4.4 million was mainly from the proceeds from the issuance of shares, which were partially offset by the repayment of mortgage loan, IPO related expenses, dividends and payment of interest of the borrowings.

As at 31 December 2017, our cash and cash equivalents were US\$0.9 million.

# CORPORATE INFORMATION

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## **BOARD OF DIRECTORS**

Mr Low Yik Sen  
Executive Chairman and 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

Mr Tsoon Wai Mun, Benjamin  
Non-Executive 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  
Mr Tsoon Wai Mun, Benjamin

## **COMPANY SECRETARY**

Ms Wee Woon Hong, LLB (Hons)

## **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

46 East Coast Road  
#09-06 Eastgate Commercial Building  
Singapore 428766  
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 AUDITORS**

### **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

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## LOW YIK SEN

*Executive Chairman and Managing Director*  
*Appointed on: 2 January 2013*

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**Low Yik Sen**, one of our co-founders, is our Executive Chairman and Managing Director. 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.

## LOW YIK JIN

*CEO and Executive Director*  
*Appointed on: 2 January 2013*

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**Low Yik Jin**, one of our co-founders, is our CEO 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 14 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 more than 20 online marketplaces today, with sales revenue of approximately US\$14.1 million for FY2017. 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.

## EDWARD TIONG YUNG SUH

*Lead Independent Director*  
*Appointed on: 29 May 2017*

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**Edward Tiong** is the Lead Independent Director and the Remuneration Committee Chairperson of our Group. He joined 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.

# BOARD OF DIRECTORS

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## WONG SOK MEI

*Independent Director*

*Appointed on: 29 May 2017*

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**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 Finance 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*

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**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 Global Yellow Pages Limited since 2007. Both Pacific Radiance Ltd. and Global Yellow Pages 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.

## TWOON WAI MUN, BENJAMIN

*Non-Executive Director*

*Appointed on: 29 May 2017*

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**Benjamin Tsoon** is our Non-Executive Director. He is the co-founder, and is currently the Chief Operations Officer of, Fundnel Limited and Fundnel Pte. Ltd. where he has been overseeing operations and compliance matters since 2015. He also founded PT Armada Mulia Karya and Proceed International Group Pte. Ltd. in 2015 and 2014 respectively, where he is responsible for managing projects, finance, brand design, marketing and business development in PT Armada Mulia Karya and is responsible for investment matters in Proceed International Group Pte. Ltd. Prior to that, he was with Pavilion Energy Pte. Ltd. as an Executive in the Business Development and Mergers and Acquisitions department from 2014 to 2015. From 2013 to 2014, he was a Management Associate with Citibank N.A. Benjamin Tsoon graduated from the Singapore Management University with a Bachelor of Business Management (Summa cum Laude) in May 2013. He is currently pursuing his Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) qualification.

He currently also serves as independent non-executive director of Sheng Ye Capital Limited which is listed on the Stock Exchange of Hong Kong Limited.

# KEY MANAGEMENT

## CHIN NGAI SUNG

*Chief Financial Officer*

**Chin Ngai Sung** 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. Chin Ngai Sung has over 19 years of accumulated experience in audit and finance, and started out as an accountant with Raflatac (S) Pte Ltd (now known as UPM Raflatac (S) Pte. Ltd.) from 1997 to 2000. From 2000 onwards, he continued working as an accountant with Casa Italy Sofa Manufacturer Pte Ltd till 2004 and was then with Neucor Holdings Pte Ltd from 2004 to 2006. Between 2006 till 2014 and prior to joining the Group, he was the Finance Director of Aardwolf Pestkare (Singapore) Pte Ltd where he led and managed the entire financial and taxation function of the group. Chin Ngai Sung obtained his Masters in Accounting from Curtin University of Technology, Australia in 2006. He is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) and an Accredited Tax Practitioner (Income Tax & GST) with Singapore Institute of Accredited Tax Professionals (SIATP).

## 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 co-ordinating 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 enquires 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 CEO 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.

# CORPORATE GOVERNANCE REPORT

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 2017 (“**FY2017**”) 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.

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## Guidelines of the Code

## Corporate Governance Practices of the Group

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### BOARD MATTERS

#### The Board’s Conduct of Affairs

##### Principle 1

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

1.1 The Board’s role is to:

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;
- (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the company’s assets;
- (c) review management performance;
- (d) identify the key stakeholder groups and recognise that their perceptions affect the company’s reputation;
- (e) set the company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; 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 55 to 58 of this Annual Report for the composition and primary functions of the Board.

# CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
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 business policies and day-to-day operations to the CEO, 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 (" <b>NC</b> "), a Remuneration Committee (" <b>RC</b> ") and an Audit Committee (" <b>AC</b> ") (collectively, the " <b>Board Committees</b> ") 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 regulation 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 55 to 58 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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

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.

## Corporate Governance Practices of the Group

The number of Board and Board Committees meetings and the record of attendance of each Director during FY2017 are set out in Table B on page 59 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.

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;
- Sale 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;

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

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

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

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

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

- 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.

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 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.

During FY2017, some Directors attended seminars on Listing Company Director Essentials: Understanding the Regulatory Environment in Singapore organised by the Singapore Institute of Directors.

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

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

### 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 FY2017, the Board consisted of two Executive Directors (one of which is also our Executive Chairman), three Independent Directors and one Non-Executive 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 Tsoon, our Non-Executive Director, who is a member of the RC. Please refer to Table A set out on page 55 to page 58 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:

As the Chairman of the Board and the CEO are brothers, the Company has complied and ensured that at least half of the Board comprises Independent Directors.

- (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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

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.

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.

## Corporate Governance Practices of the Group

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.

As at 31 December 2017, no Independent Directors on the Board had served for more than nine years from the date of their initial appointment.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

- 2.5 The Board should examine its size and, with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision making. The Board should take into account the scope and nature of the operations of the company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board should not be so large as to be unwieldy.
- 2.6 The Board and its Board Committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

## Corporate Governance Practices of the Group

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.

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. The Board comprises 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.

# CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
<p>2.7 Non-executive directors should:</p> <ul style="list-style-type: none"> <li>(a) constructively challenge and help develop proposals on strategy; and</li> <li>(b) review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.</li> </ul>	<p>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.</p>
<p>2.8 To facilitate a more effective check on management, non-executive directors are encouraged to meet regularly without the presence of Management.</p>	<p>The Group's Independent Directors and Non-Executive Director had held periodic conference calls and/or meetings without the presence of Management in FY2017.</p>

## 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.**

<p>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.</p>	<p>The Group keeps the posts of Chairman and CEO separate.</p>
	<p>The Executive Chairman, Mr. Low Yik Sen, is 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.</p>
	<p>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.</p>
	<p>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.</p>

# CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
<p>3.2 The Chairman should:</p> <ul style="list-style-type: none"> <li>(a) lead the Board to ensure its effectiveness on all aspects of its role;</li> <li>(b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;</li> <li>(c) promote a culture of openness and debate at the Board;</li> <li>(d) ensure that the directors receive complete, adequate and timely information;</li> <li>(e) ensure effective communication with shareholders;</li> <li>(f) encourage constructive relations within the Board and between the Board and Management;</li> <li>(g) facilitate the effective contribution of non-executive directors in particular; and</li> <li>(h) promote high standards of corporate governance.</li> </ul>	<p>The Chairman is primarily responsible for the effective working of the Board.</p> <p>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.</p>
<p>3.3 Every company should appoint an independent director to be the lead independent director where:</p> <ul style="list-style-type: none"> <li>(a) the Chairman and the CEO is the same person;</li> <li>(b) the Chairman and the CEO are immediate family members;</li> <li>(c) the Chairman is part of the management team; or</li> <li>(d) the Chairman is not an independent director.</li> </ul> <p>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 “<b>CFO</b>”) has failed to resolve or is inappropriate.</p>	<p>Mr. Edward Tiong Yung Suh is the Lead Independent Director of the Company as the Chairman and CEO are brothers.</p> <p>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.</p>

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

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.

The Lead Independent Director will meet 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 key terms of reference of the NC, explaining its role and the authority delegated to it by the Board.

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

Please refer to Table A set out on pages 55 to 58 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;

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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

- (c) the review of training and professional development programs for the Board; and
- (d) the appointment and re-appointment of directors (including alternate directors, if applicable).

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

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

## Corporate Governance Practices of the Group

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.

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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

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.

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.

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.

The Company does not have any alternate directors.

# CORPORATE GOVERNANCE REPORT

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## Guidelines of the Code

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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.

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## Corporate Governance Practices of the Group

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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.

# CORPORATE GOVERNANCE REPORT

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## Guidelines of the Code

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## Corporate Governance Practices of the Group

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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 10.0% 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 and other relevant information are set out on pages 9 to 10 of this Annual Report as well as in Table C set out on page 59 of this Annual Report.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

### 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 FY2017.

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 FY2017 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.

# CORPORATE GOVERNANCE REPORT

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## Guidelines of the Code

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## Corporate Governance Practices of the Group

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- 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 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 FY2017.

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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

The assessment parameters for each Director include their attendance a Board and related activities, adequacy of preparation for board meetings, participation in Board discussion, ability to make informed business decisions, can see strengths and weaknesses of the Company and how decisions will impact them, ensure strategies, budgets and business plan are compatible with vision and strategy, can read and interpret financial reports, asks for uses information to make informed judgments/assessments, can 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.

# CORPORATE GOVERNANCE REPORT

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## Guidelines of the Code

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## Corporate Governance Practices of the Group

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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.

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.

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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

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

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

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

The Directors 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 FY2017.

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

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

# CORPORATE GOVERNANCE REPORT

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## Corporate Governance Practices of the Group

### 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.

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, 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 55 to 58 for the composition and functions of the RC.

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.

# CORPORATE GOVERNANCE REPORT

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## Guidelines of the Code

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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.

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.

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## Corporate Governance Practices of the Group

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No remuneration consultants were engaged by the Company during FY2017. 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.

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.

# CORPORATE GOVERNANCE REPORT

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## Corporate Governance Practices of the Group

### 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 FY2017.

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

Save for the Y Ventures Performance Share Plan which was adopted by the Company on 2 June 2017, the Company had no long-term incentive schemes during FY2017. No shares have been issued under the Y Ventures Performance Share Plan during FY2017.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

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

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

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

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

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 60 to 61 for the detailed schedule of annual fees for Independent Directors being proposed to Shareholders.

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.

# CORPORATE GOVERNANCE REPORT

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## Corporate Governance Practices of the Group

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.

## 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.

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.

Please refer to Table D set out on pages 60 to 61 for remuneration details for the Directors and key management personnel.

As the Company was listed on 11 July 2017 with a lean management team, the Company currently only has three key management personnel (who are not also directors or the CEO of the Company) during FY2017. The Company is in the process of developing the team involving in planning, directing and controlling the activities of the Company.

Please refer to Table D set out on page 60 to 61 for remuneration details for the Directors and the CEO.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

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

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

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

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

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

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

## Corporate Governance Practices of the Group

Please refer to Table D set out on page 60 to 61 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 and in aggregation, 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.

There is no employee who is an immediate family member of any Director or CEO, whose remuneration for FY2017 exceeds S\$50,000.

# CORPORATE GOVERNANCE REPORT

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## Corporate Governance Practices of the Group

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

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

The 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, Mr. Ng Tiong Gee and Mr. Benjamin Twoon, 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 FY2017.

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.

# CORPORATE GOVERNANCE REPORT

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## Corporate Governance Practices of the Group

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 FY2017, 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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

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. For FY2017, the Executive Directors and the Chief Financial Officer ("**CFO**") have provided assurance to the Board on the integrity of the Group's financial statements.

# CORPORATE GOVERNANCE REPORT

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## Corporate Governance Practices of the Group

### 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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

- 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 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.

Based on internal controls established and maintained by the Group, the works performed by the Internal and External Auditors, and 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 31 December 2017.

The Board met once in FY2017 and have continuously updated the AC on the developments of the Company. The CEO and CFO have also assured the Board that internal controls are in place and updated the Board on the internal control measures taken during FY2017. Discussions between Internal, External Auditors and the AC in the absence of the Management have also further reassured the AC that for FY2017, the internal controls established are maintained for the operations of the business. In addition, the Management letter issued by External Auditors is further evidence that the internal controls are functioning well in FY2017.

The Board has also received assurance from the CFO and CEO in FY2017 that:-

- (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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

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.

## 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.

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.

## Corporate Governance Practices of the Group

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.

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.

As the Company was listed on SGX-Catalist on 11 July 2017, the AC only met once in FY2017.

Please refer to Table A set out on pages 55 to 58 for the composition and the main functions of the AC.

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.

# CORPORATE GOVERNANCE REPORT

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## Corporate Governance Practices of the Group

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 FY2017, the AC has discussed with Management 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.

# CORPORATE GOVERNANCE REPORT

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## Corporate Governance Practices of the Group

<p>(d) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and</p>	<p>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.</p>
<p>(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.</p>	<p>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.</p>
<p>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.</p>	<p>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.</p> <p>As the Company was listed on SGX-Catalist on 11 July 2017 and the Company was in the process of setting up its internal controls, there was no meeting between the AC with the Internal Auditors and External Auditors, without the presence of the Management in FY2017. However, the AC had met the Internal Auditors and External Auditors, without the presence of the Management before and during the full year meetings to review any matters that have arisen in FY2017.</p>

# CORPORATE GOVERNANCE REPORT

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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.

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.

## Corporate Governance Practices of the Group

Non-audit fees incurred from the Company's External Auditors, Baker Tilly TFW LLP in FY2017 are disclosed in Note 8 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 except for the Taiwan subsidiary which is audited by Kudos & Co.. 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.

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 FY2017.

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.

# CORPORATE GOVERNANCE REPORT

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## Corporate Governance Practices of the Group

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, 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 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 internal audit function of the Group was out-sourced to Crowe Horwath First Trust Risk Advisory Pte Ltd in FY2017. The Internal Auditors report primarily to the Chairman of AC and has unrestricted access to documents, records, properties and personnel of the Group.

# CORPORATE GOVERNANCE REPORT

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## Corporate Governance Practices of the Group

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

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

The role of the Internal Auditors is to assist the 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. The AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Company to perform its function effectively.

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

The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals.

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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

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

## Corporate Governance Practices of the Group

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.

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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

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.**

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.

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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

## Corporate Governance Practices of the Group

	<p>Similarly, Shareholders will receive the circulars and notices of Extraordinary General Meetings (“EGMs”) which are advertised in the newspapers within the prescribed deadlines prior to the EGMs.</p>
<p>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.</p>	<p>The Company does not practice selective disclosure of material information.</p> <p>The Group makes all necessary disclosures to Shareholders and the public via SGXNET.</p>
<p>15.3 The Board should establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders’ concerns.</p>	<p>Both Executive and Independent Directors meet or speak with Shareholders regularly, primarily through general meetings of Shareholders, to gather their views and address concerns.</p>
<p>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.</p>	<p>Please refer to the Group’s practices set out in Guideline 15.3.</p>
<p>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.</p>	<p>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).</p>
	<p>As the Company was in a loss-making position in FY2017, the Board has not declared any dividend for FY2017.</p>

# CORPORATE GOVERNANCE REPORT

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## Guidelines of the Code

## Corporate Governance Practices of the Group

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### 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.

# CORPORATE GOVERNANCE REPORT

## Guidelines of the Code

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

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

16.4 Companies should prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request.

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

## Corporate Governance Practices of the Group

The respective chairpersons of the AC, RC and NC will 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.

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.

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 FY2017.

# CORPORATE GOVERNANCE REPORT

## 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 be prejudicial to the interests of the Shareholders.

The Company does not have a general mandate for interested person transactions. Save as disclosed in the offer document dated 30 June 2017, the Company has not entered into any interested person transaction with aggregate value of more than S\$100,000 during FY2017 pursuant to Rule 907 of the Catalist Rule.

## 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)]

RHT Capital Pte. Ltd. became the continuing sponsor of the Company following the listing of the Company on SGX-ST on 11 July 2017. For FY2017, the Company paid RHT Capital Pte. Ltd. a professional fee for acting as issue manager and sponsor to the Company's initial public offering.

## 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.

# CORPORATE GOVERNANCE REPORT

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:-

<b>Use of IPO proceeds</b>	<b>Amount allocated S\$'000</b>	<b>Amount utilised S\$'000</b>	<b>Amount unused S\$'000</b>
Business expansion through: <ul style="list-style-type: none"> <li>• Research and development of data analytics capabilities</li> <li>• Expansion of product range</li> <li>• Expansion into new online marketplaces and new geographical locations</li> <li>• Advertising and promotion efforts</li> </ul>	4,554	4,554	–
General working capital	1,019	1,019	–
IPO expenses borne by the Company	2,127	2,127	–
<b>Total</b>	<b>7,700</b>	<b>7,700</b>	<b>–</b>

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:-

<b>Use of Proceeds</b>	<b>Amount allocated S\$'000</b>	<b>Amount utilised S\$'000</b>	<b>Amount unused S\$'000</b>
General working capital (comprising administrative expenses and purchase of products)	1,200	1,200	–
<b>Total</b>	<b>1,200</b>	<b>1,200</b>	<b>–</b>

# CORPORATE GOVERNANCE REPORT

## TABLE A

### Board comprises:–

Low Yik Sen	(Executive Chairman and 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)
Twoon Wai Mun, Benjamin	(Non-Executive Director)

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 Yung 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;

# CORPORATE GOVERNANCE REPORT

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. Where the external auditor also supply a substantial volume of non-audit service to the Company;
5. 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.

# CORPORATE GOVERNANCE REPORT

## **Nominating Committee comprises:-**

Ng Tiong Gee	(Chairman, Independent)
Edward Tiong Yung 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.

# CORPORATE GOVERNANCE REPORT

## 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)

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.

# CORPORATE GOVERNANCE REPORT

TABLE B

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

TABLE C

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:–

Name of Director	Date of Appointment	Date of Last Election
Low Yik Sen	2 January 2013	9 June 2016
Edward Tiong Yung Suh	29 May 2017	–
Wong Sok Mei	29 May 2017	–
Ng Tiong Gee	29 May 2017	–
Twoon Wai Mun, Benjamin	29 May 2017	–

# CORPORATE GOVERNANCE REPORT

**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 FY2017.

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

Name of Director	Salary*	Bonus <sup>#</sup>	Directors' Fees	Allowance and other benefits	Total
	(%)	(%)	(%)	(%)	(%)
<b>S\$250,001 to S\$500,000</b>					
Low Yik Sen	100	–	–	–	100
Low Yik Jin	100	–	–	–	100
<b>Below S\$250,000</b>					
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.

# The bonus amount shown is inclusive of CPF.

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

Name of Key Management Personnel	Salary*	Bonus*	Directors' Fees	Allowance and other benefits	Total
	(%)	(%)	(%)	(%)	(%)
<b>Below S\$250,000</b>					
Chin Ngai Sung	100	–	–	–	100
Lim Poh Lian	100	–	–	–	100
Lim Li Jie	100	–	–	–	100

\* The salary and bonus amounts shown are inclusive of CPF.

# CORPORATE GOVERNANCE REPORT

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 FY2017.

No shares have been issued under the Company's performance share plan during FY2017. 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 FY2017.

# SUSTAINABILITY REPORT

## CHAIRMAN MESSAGE

### Dear Stakeholders,

2017 has been a fruitful year for Y Ventures Group Ltd. ("Y Ventures"), and much of the credit for our successes is due to our committed team of employees. We would like to thank them, and also express our appreciation to all of our stakeholders.

Being part of a larger community, we believe that we have a responsibility to do our part for the betterment of the community as we progress as an organisation. Through sponsorships, and provision of support and employment, we seek to empower persons with disabilities. In 2017, we were awarded the Enabling Employers Award by SG Enable for our support to persons with disabilities.

We also actively seek to do our part in grooming local talents. We have partnered with Info-communications Media Development Authority (IMDA) of Singapore to develop a training program for fresh and mid-level professionals in data analytics and e-commerce. We are expecting to bring in our first batch of trainees under the program in 2018.

We believe that our employees are our greatest asset. We continue to invest in them and provide them with a positive and healthy work environment. In 2017, we were awarded the Singapore Health Award (Certificate of Recognition), an award given to enterprises with outstanding workplace health promotion practices.

Following the many milestones that we have achieved in 2017, we are pleased to present our very first sustainability report. This sustainability report is a testament of our commitment to good governance and attainment of sustainable growth for our business. In this report, stakeholders may find disclosures on our sustainability efforts, progress and targets.

Looking ahead, we will continue to strive to create greater value for all of our stakeholders. Guided by our sustainability commitment, we seek to align our growth strategies, policies and practices with our sustainability objectives.

Driven by the talent, expertise and passion of our staff, and backed by the support of our stakeholders, we are confident that we will continue to achieve greater heights and deliver long-term value to all our stakeholders.

For and on behalf of the Board of Directors  
Low Yik Sen  
Executive Chairman and Managing Director  
Y Ventures Group Ltd.

# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

Y Ventures, a data analytics driven, e-commerce retailer and distributor, is listed on the Catalist Board of the SGX-ST (Stock Code -SGX:1F1).

The scope of this report covers the financial year from January to December 2017, in line with this annual report. As Global Reporting Initiative ("GRI") standards is the global standard for sustainability reporting, our sustainability report has been prepared in accordance with the GRI standards, Core. Unless otherwise stated, the report covers the ESG performance of the Group and its subsidiaries in Singapore, Taiwan and United States of America. This report forms part of Y Venture's Annual Report FY2017 and can be viewed or downloaded from <https://yventures.com.sg/investor/>. As part of our continued efforts to improve our reporting, we welcome stakeholders to submit their feedbacks to [invest@yventures.com.sg](mailto:invest@yventures.com.sg).

## 2017 HIGHLIGHTS

### Recycling Initiatives



### Giving back to our communities



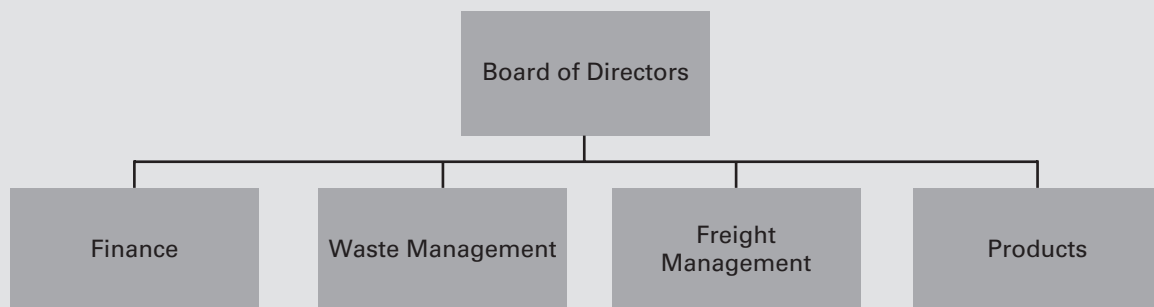
### Our Accolades



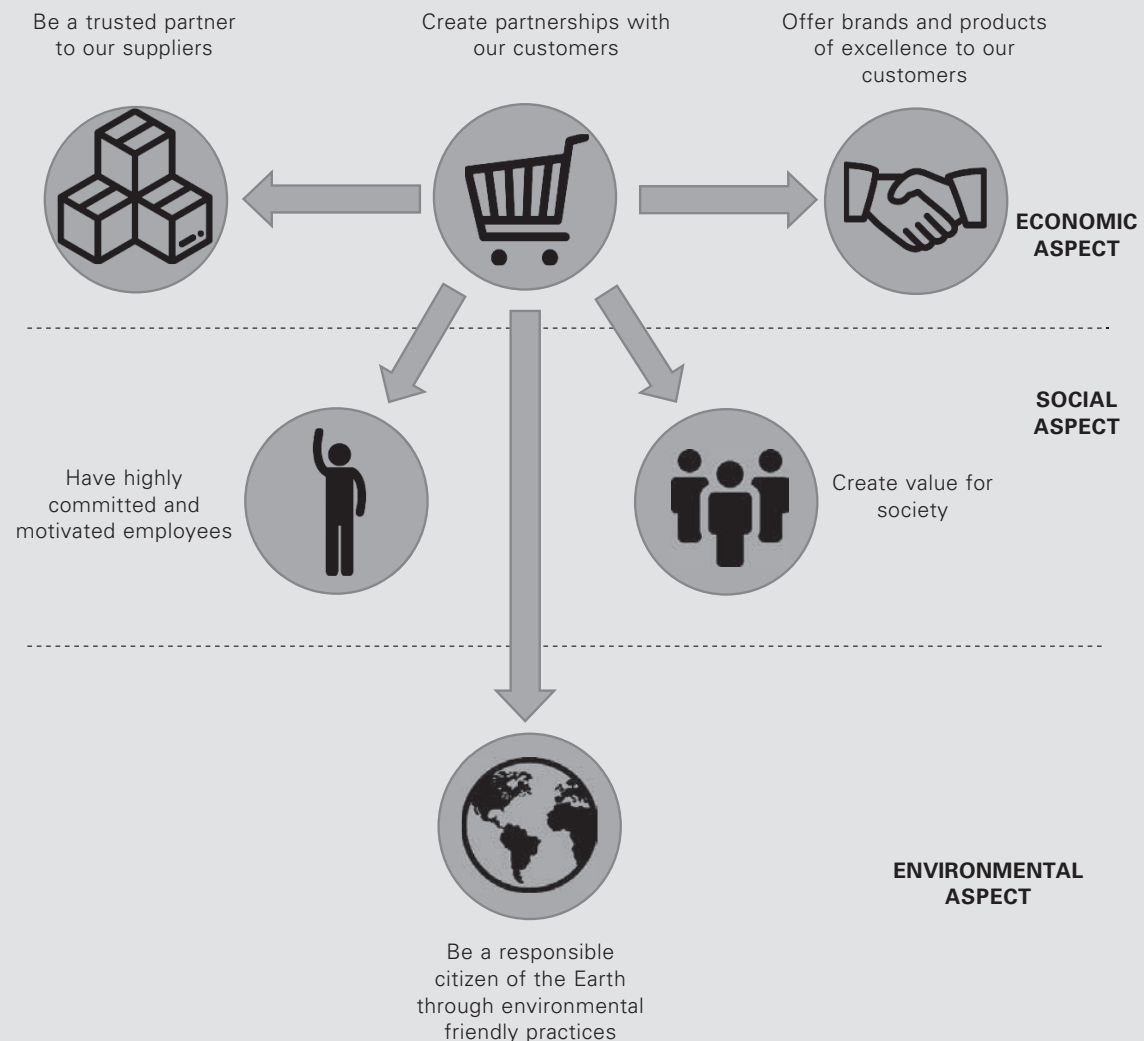
# SUSTAINABILITY REPORT

## OUR SUSTAINABILITY TEAM

The Corporate Sustainability Agenda is headed by the Board and driven by the Division Heads and middle management team from Finance, Waste Management, Freight Management and Products divisions.



## OUR SUSTAINABILITY STRATEGY



# SUSTAINABILITY REPORT

## STAKEHOLDER ENGAGEMENT

Long-term engagement with our stakeholders through multiple platforms offers important inputs that guide our decision-making process and assists us in achieving our sustainability commitments.

Our key stakeholders include our employees, investors, customers, online marketplace operators, suppliers, the community, governments and national agencies. We actively engage and consult our key stakeholders to understand their concerns and priorities. Moreover, we recognise the value of close collaboration with our key stakeholders, which is critical to our business and sustainability reporting initiatives.

The following table summarises the concerns and priorities of our stakeholders, which we incorporate into our sustainability commitments:

Stakeholder	Platforms	Frequency	Key Feedback/Issue	Commitments to Sustainability
<b>Employees</b>	▪ Feedback sessions	▪ Ad-hoc	<ul style="list-style-type: none"> <li>▪ Employee safety and welfare</li> <li>▪ Staff training and development opportunities</li> <li>▪ Work-life balance</li> <li>▪ Remuneration and benefits</li> <li>▪ Fair and competitive employment practices</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provide fair and equal opportunities to all employees</li> <li>▪ Rewarding performance</li> <li>▪ Create a safe and cohesive working environment</li> </ul>
	▪ Flexible working hours	▪ Ad-hoc		
	▪ Staff Training	▪ Ad-hoc		
<b>Investors and Media</b>	▪ Annual/ extraordinary general meetings	▪ Annual	<ul style="list-style-type: none"> <li>▪ Return on investment</li> <li>▪ Business growth</li> <li>▪ Business strategy and outlook</li> <li>▪ Risk management</li> <li>▪ Corporate governance</li> <li>▪ Sustainability performance and reporting standards</li> <li>▪ Timely and transparent reporting</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strive to generate sustainable long-term returns on investment</li> <li>▪ Adhere to timely and transparent dissemination of accurate and relevant information to the market</li> </ul>
	▪ Financial results announcements	▪ Half Yearly		
	▪ SGX announcements, media release and interviews	▪ Ad-hoc		
	▪ Annual report, sustainability report	▪ Annual		
	▪ Company website	▪ Perpetual		
<b>Suppliers and Service Providers</b>	▪ Provision of data analysis and product feedback	▪ Perpetual	<ul style="list-style-type: none"> <li>▪ Establishing and maintaining good relationships</li> <li>▪ Provide overseas suppliers with a platform to sell their products</li> <li>▪ Prompt provision of data – customer demographics, sales trends, customers' feedback on products</li> </ul>	<ul style="list-style-type: none"> <li>▪ Providing valuable insights to suppliers</li> <li>▪ Building long-term and successful relationships</li> <li>▪ Improve the transparency of our supply chain to meet industry's best practices</li> </ul>
	▪ Markets suppliers' products through various online platforms	▪ Perpetual		
	▪ Supplier evaluation	▪ Perpetual		

# SUSTAINABILITY REPORT

<b>Online Marketplace Operators</b>	<ul style="list-style-type: none"> <li>▪ Sending channels team to build rapport</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ad-hoc</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establishing and nurturing strong relationships</li> </ul>	<ul style="list-style-type: none"> <li>▪ Granted favourable terms by operators through strong relationships – frequency of remittance of payment, special featuring of Group's products</li> <li>▪ Generating long-term sustainable returns</li> </ul>
<b>Government/ National Agencies</b>	<ul style="list-style-type: none"> <li>▪ Sustainability report</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual</li> </ul>	<ul style="list-style-type: none"> <li>▪ Stakeholder programs to advocate greener operator behaviour</li> <li>▪ Providing training and skill-upgrading</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strict compliance with relevant laws and regulations</li> <li>▪ Encouraging life-long learning for mid-career change and skill-upgrading</li> <li>▪ Attracting investments into Singapore</li> <li>▪ Understand and support initiatives by the government</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Meetings, briefings and regular reporting</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Partnership with IMDA to provide training on data analytics</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ad-hoc</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Attending trade conferences</li> </ul>	<ul style="list-style-type: none"> <li>▪ Perpetual</li> </ul>		
<b>The Community</b>	<ul style="list-style-type: none"> <li>▪ Sustainability report</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual</li> </ul>	<ul style="list-style-type: none"> <li>▪ Advocating sustainable practices</li> <li>▪ Advocating sustainability options by donating well-conditioned furniture</li> <li>▪ Providing on-the-job training to students</li> </ul>	<ul style="list-style-type: none"> <li>▪ Management of impacts on the Community</li> <li>▪ Caring for environment by reducing disposal</li> <li>▪ Understand and support initiative by the local community</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Charity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ad-hoc</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Internship and scholarship programs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual</li> </ul>		
<b>Customers</b>	<ul style="list-style-type: none"> <li>▪ Feedback channel through online marketplace operators</li> </ul>	<ul style="list-style-type: none"> <li>▪ Perpetual</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensuring consistency in quality of merchandises sold to customers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Generating long-term sustainable returns through customer confidence for Group's high standards of products</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Quality assurance inspections</li> </ul>	<ul style="list-style-type: none"> <li>▪ Perpetual</li> </ul>		

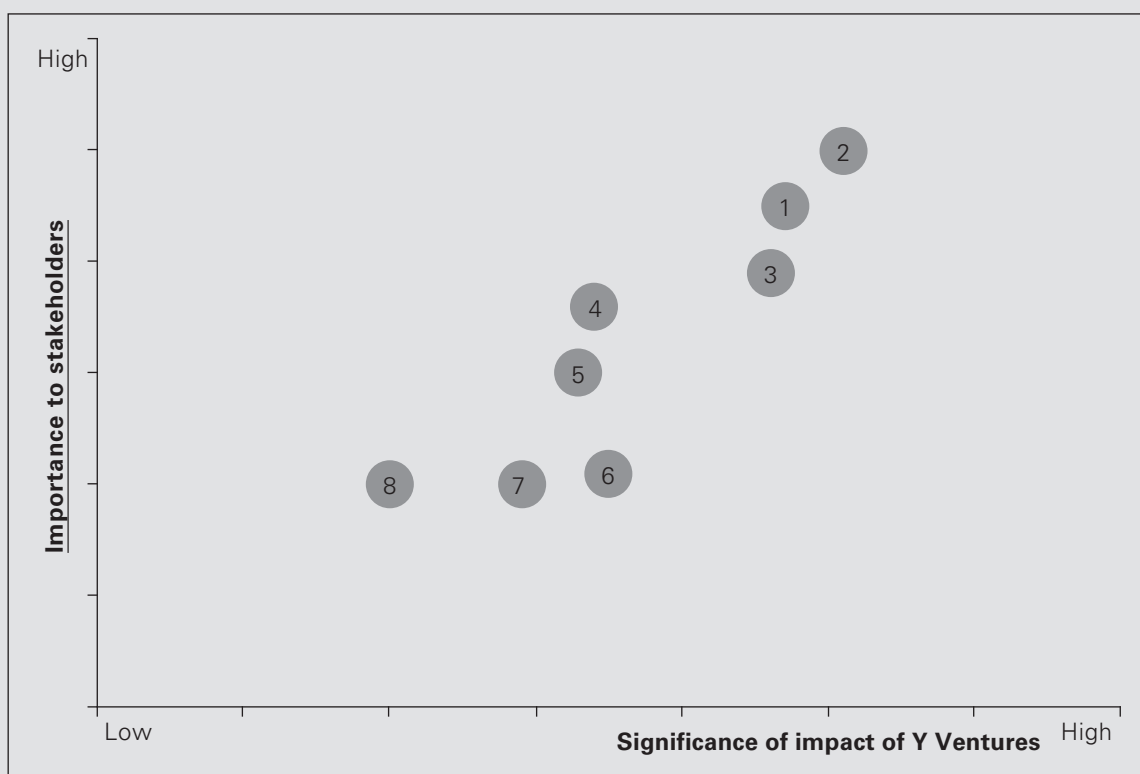
# SUSTAINABILITY REPORT

## MATERIALITY ASSESSMENT

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



Economic	Environmental	Social	Governance
1. Direct and Indirect Economic Impacts	7. Waste Management	4. Talent Attraction & Retention	3. Ethics and Business Conduct
2. Product Quality Assurance	8. Carbon Footprint Reduction	5. Training & Development	
		6. Community	

# SUSTAINABILITY REPORT

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

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

Our review focuses on four key aspects with eight 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.

Topic	Why is this material	How it relates to stakeholder concerns	How we are addressing the issue
<b>Governance Aspect</b>			
<b>Corporate governance, business ethics and anti-corruption</b>	<p>Successful businesses establish a strong belief in corporate citizenship, showing commitment to ethical behaviour by striking a balance between the needs of various group of stakeholders and the environment.</p> <p>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.</p>	<p>Apart from maintaining business profitability and growth, we understand that stakeholders are becoming increasingly concerned with the sustainability of our returns and growth.</p> <p>Establishing a strong foundation for good corporate governance and business ethics is fundamental in addressing stakeholder's concerns over the sustainability of the Group's future.</p>	<p>We have zero tolerance towards corruption and fraud. This applies to all employees, including those who are located in foreign jurisdictions. Our intolerance towards corruption and fraud is deeply instilled in our employees through our Code of Business Ethics and Conduct, which is made available to all employees. Employees are constantly reminded to make disclosures in the event of conflicted duties or interests.</p> <p>Our accessible and independent whistleblowing channels, including direct contact with the Audit Committee Chairperson, allow our employees to report any suspected wrongdoings without reprisal.</p>

# SUSTAINABILITY REPORT

Topic	Why is this material	How it relates to stakeholder concerns	How we are addressing the issue
<b>Economic Aspect</b>			
<b>Product quality assurance</b>	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 believe that product quality and integrity form the foundation of the reputation and trust that we seek to build in the markets that we operate in. Therefore, we dedicate great efforts into our products inspections and strive to deliver products that are of the highest quality and integrity to our customers.	We monitor feedbacks on online marketplaces to ensure that our products match consumer trends and demand. Additionally, we are committed to maintaining high standards of product quality, whether under third party brands or our private label, through detailed quality control inspections. We engage third party quality inspectors whenever necessary.
<b>Direct and indirect economic impact</b>	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.	Stakeholders are fundamentally concerned with the sustainable growth of our Group and also the economic value that we bring to communities we operate in through our business activities, whether directly or indirectly.	We seek to create long-term economic value for our stakeholders through the building of a sustainable business and brand.  We are constantly looking to improve our product range and expand our geographical influence. To keep up with the ever-changing business environment, we have also engaged in research and development through our internal data analytics team, working alongside external vendors in software development and enhancement of data analytics capabilities.

# SUSTAINABILITY REPORT

Topic	Why is this material	How it relates to stakeholder concerns	How we are addressing the issue
<b>Social Aspect</b>			
<b>Talent attraction and retention</b>	<p>We recognise that our ability to attract and retain talents is crucial to the operations of our business. High employee turnover increases hiring expenses and has negative impact on the Group's morale.</p> <p>Our commitment to talent retention and development will be an effective means of ensuring key workers remain employed while maintaining job performance and productivity.</p>	<p>Satisfied and motivated employees translate to better workplace performance, greater productivity and better quality of outputs. Therefore, we seek to provide a comprehensive benefit and remuneration package for our employees to ensure that they remain motivated and continue to contribute to our organisation.</p>	<p>We are committed to recruiting employees on the basis of merit. We provide opportunities for compensation, promotion and training on a meritocratic basis.</p> <p>Moreover, we work closely with academic institutions and governmental organisations to provide internships and job opportunities for tertiary students and working adults, who are interested in the field of information technology and business. Such partnerships also allow us to spot and hire motivated talents who will bring value to our Group.</p> <p>Employees are given wide range of benefits, such as flexible working hours and medical insurance, to ensure that they remain driven and motivated to contribute to our Group.</p>

# SUSTAINABILITY REPORT

Topic	Why is this material	How it relates to stakeholder concerns	How we are addressing the issue
<b>Training and development</b>	We view employees as part of our big family and not just headcounts at our organisation. Our commitment to human capital investment is necessary to ensure the continued growth of our organisation. We want to ensure that each and every one of our employees is given the opportunity for personal growth and development so that we can achieve growth and progress together as a family.	There are growing concerns as to whether companies are able to keep up with the rapidly changing business landscape. Providing our employees with sufficient training and keeping them abreast of the latest industry developments will be crucial in ensuring that we continue growing as a company.	<p>We have in place a structured in-house capability training for our employees. The training varies, depending on their job functions. The in-house training primarily focuses on providing our employees with on-the-job training sessions on the usage and fundamentals of data analytics tools and e-commerce industry.</p> <p>Moving forward, we are looking at providing our employees with greater opportunities to partake in industry conventions and seminars to ensure that they are kept abreast of the developments in the industry.</p>
<b>Community</b>	Over the years, our Group has benefitted from the support of our stakeholders and the community to be where we are today. Therefore, it is only fitting that as we continue our growth, we also look at giving back to the community. We hope that through our contributions, we can create a virtuous cycle of growth for everyone in the community.	Besides focusing on the financial aspects of our operations, stakeholders are increasingly concerned with our contributions to the community at large.	<p>We strongly believe in staff volunteerism to bring about greater impact to communities we operate in. We have been involved in collaborations with academic institutions and non-profit organisations to provide employment opportunities for students and also persons with disabilities.</p> <p>We have also provided ongoing sponsorships and donations to non-profit organisations and academic institutions.</p>

# SUSTAINABILITY REPORT

Topic	Why is this material	How it relates to stakeholder concerns	How we are addressing the issue
<b>Environmental Aspect</b>			
<b>Waste management</b>	Unsustainable rate of waste output has resulted in land scarcity for waste disposal and contributes to global warming and climate change. Furthermore, the increasing cost of waste treatment and resources will have a significant impact on the long-term viability of our business. Therefore, it is vital that we have a proper waste and resource management programme in place to reduce waste output and improve our resource efficiency.	We understand that stakeholders are increasingly concerned with our management of resource usage to provide the maximum benefit to current generations while maintaining the capacity to meet the needs of future generations.	<p>We have a waste management service which assists in the removal and disposal of home appliances, residential waste, home and office furniture, documents, food waste, off-season branded products and secured disposal of sensitive documents.</p> <p>We are committed to ensuring that items collected from our customers are properly treated and recycled whenever possible to do our part in reducing waste output.</p> <p>For our office operations, we have migrated to a paperless invoicing system to reduce paper usage. Employees are also encouraged to reduce, reuse and recycle paper whenever possible.</p>
<b>Carbon footprint reduction</b>	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 understand that there has been a growing concern amongst stakeholders over carbon emissions and global warming. Energy efficiency improvements and energy reduction initiatives will help to reduce carbon emissions and address environment sustainability concerns.	We are committed to reducing the carbon footprint of our operations. We are planning to replace fluorescent bulbs with more energy efficient LED lightings at our offices and warehouse.

# SUSTAINABILITY REPORT

## **GOVERNANCE**

Our strategy to uphold a high standard of corporate governance is underpinned by our commitment to transparency and accountability to stakeholders. The Directors are committed to ensuring the alignment of our corporate governance framework with the principles and guidelines of the Code of Corporate Governance.

Key information regarding the Directors and our corporate governance practices are available on pages 9 to 61 of the Annual Report.

## **CODE OF BUSINESS ETHICS AND CONDUCT**

We have developed a set of Code of Business Ethics and Conduct that provides guidance on the behaviour expected from our employees. The underlying principle for our Code of Business Ethics and Conduct is that we expect our management and staff to act with integrity towards those whom we have business dealings with, towards the larger society where we conduct our business, and towards each other. All employees are required to acknowledge the requirements of the Code of Business Ethics and Conduct.

## **ANTI-CORRUPTION**

We have zero tolerance towards corruption and fraud. This applies to all employees, including those who are located in foreign jurisdictions. During the orientation programme, new hires are made aware of our stance against corruption and fraudulent activities. An employee handbook that covers penalties for misconduct and fraud is made available to all employees.

For FY2017, there was no incident of employee dismissal or disciplinary case for corruption and fraud. There were also no instances where contract with business partners were terminated or not renewed due to violations related to corruption.

## **CONFLICT OF INTEREST**

We have a Conflict of Interest Policy that defines situations in which an employee's personal interests are in conflict with his/her responsibility towards our Group. It provides guidance to employees by highlighting situations which are viewed to be in conflict with the organisation's interest and the course of action that they should take. All employees are required to make a declaration for any conflicted interest on an annual basis or when any updates are required.

## **WHISTLEBLOWING**

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

If an investigation is warranted, matters raised may be investigated by either the management, or a disciplinary committee set up by the Board or be referred to the police. There are procedures in place to ensure that the outcome of the investigation will be communicated to the whistleblower.

# SUSTAINABILITY REPORT

## **TRANSPARENCY AND ACCOUNTABILITY**

We make it our priority to do our utmost in ensuring transparency and accountability to our stakeholders. We strive to be forthcoming in the sharing of our developments and operations. Information on our developments and operations are communicated on a regular basis to all stakeholders through our half-yearly announcements, annual reports, regular analyst briefings, and meetings. We have actively engaged with shareholders and interested parties through media interviews and publications. Investors may also obtain timely updates via the investor relations section on our official company website (<http://yventures.com.sg/investor/>) and can contact us at [invest@yventures.com.sg](mailto:invest@yventures.com.sg).

## **ENTERPRISE RISK MANAGEMENT**

The constant flux of the business environment has fuelled a heightened need for organisations to identify, measure, prioritise and respond to the risks that threaten business objectives and operations. At our organisation, we are prudent in managing our risk-reward relationship. Annually, we perform an enterprise risk assessment and update our risk register to ensure that we account for new risks that arise as we continue our foray into new business segments.

## **WHAT'S NEXT?**

We recognise the need for continual efforts to improve the Group's risk management framework and internal processes so as to ensure that risks are properly managed throughout the organisation. Our internal auditor will conduct annual internal control reviews to test the effectiveness of our controls, implement practical solutions to improve our control environment and whenever possible, improve efficiencies that may translate to potential operational cost-savings.

We strive to maintain our record of zero reported incidents for fraud and corruption relating to our employees and business partners.

# SUSTAINABILITY REPORT

## ECONOMICS

We seek to create long-term economic value for our stakeholders through the building of a sustainable business and brand.

### BUILDING A SUSTAINABLE BUSINESS

In building a business that has sustainable long-term growth prospects, we have not only focused in profit generation, but also diligently embraced prudent financial management, and remained focused on growth strategies, to enhance value creation for various stakeholders involved.

At Y Ventures, our primary objective in financial management is to maintain a strong capital base so as to sustain investor, creditor and market confidence, while ensuring growth for the Group. A strong capital and financial position will also allow us to better seize opportunities for acquisitions, joint ventures and investments for growth.

### **Financial Highlights**

The Group's financial position is described in more detail in the subsequent sections of the Annual Report 2017. Please refer to pages 99 to 146 of the Annual Report.

Other than prudent financial management, we have also adopted a four-pronged business strategy to achieve sustainable long-term growth for our Group.

### **Expanding our global network and channels**

We constantly seek to extend our geographical coverage and expand our distribution network in regions that we have yet to have a strong presence in, such as United Kingdom, Northeast Asia, Southeast Asia, and other parts of Europe. To do so, we constantly seek networking opportunities to reach out to vendors in these regions.

We participated actively in global trade conferences and fairs to bridge suppliers from different countries and to promote our e-commerce platforms and services to these suppliers. As of FY2017, we have participated in seven trade conferences in various countries, such as the Frankfurt Book Fair, Shenzhen Business Forum, United Kingdom Book Fair, and Japan Business Forum.

### **Product range expansion**

Through the establishment of brand partnerships with suppliers and principals globally, we seek to increase our product range to better cater to a greater spectrum of consumers. Through the use of data analytic tools, we also seek to provide customers with products that are best tailored to their preferences.

# SUSTAINABILITY REPORT

## **Strategic acquisition and partnership**

Our Group looks to strengthen our market presence through strategic acquisitions and joint ventures with parties who will add value to our business and operations. These acquisitions and joint ventures will provide us with the opportunity to penetrate into new markets and provide greater value for our stakeholders.

In FY2017, we engaged in a joint venture with Toscano Pte. Ltd. for the marketing and distribution of men's leather accessories under an online-only private label, Faire Leather Co, a Singapore home-grown brand. Further details are set out on pages 2 to 4 of the Annual Report.

## **Enhancing data analytics capabilities**

The e-commerce business environment is in a constant flux. To keep up with the rapidly changing landscape, we have engaged in research and development through our internal data analytics team. The team works with external vendors in software developments and enhancement of data analytics capabilities to ensure that we possess the latest data analytic tools in the industry.

## **CREATING ECONOMIC VALUE**

As we build a sustainable and successful business, we are able to deliver the economic drivers to support the development of the e-commerce industry. The value that we generate will be distributed to the various stakeholders through our business operations.

Currently, we have an established presence in United States, Europe, Taiwan, Indonesia and Singapore, fostered through our good relationship with online marketplace operators in these countries. Our global presence and data analytics capabilities provide opportunities for suppliers and communities in these jurisdictions to leverage on our expertise and channels to reach out to a broader customer base, thereby promoting trade and commerce across the regions we operate in.

## **PRODUCT AND SERVICE QUALITY**

We strive to provide the highest quality of product and services to our customers. Our customers are able to provide their feedbacks through our online marketplace operators, who we work very closely with to ensure that all customer feedbacks are addressed promptly.

# SUSTAINABILITY REPORT

We also have a stringent product quality inspection in place to ensure that all products have been inspected for quality before they are sent to customers. We engage third parties to perform product quality inspections whenever necessary.

Our logistics company, SKAP Logistics Pte. Ltd., is also certified under the CaseTrust Accreditation scheme to assure customers of our service quality and fair business ethics that we practice.



## WHAT'S NEXT?

We seek to expand our distribution network in regions where we have yet to tap into and to increase the number of online platforms in the existing regions. We are also working to offer more brands and manufacturers to cater to the demands and changing lifestyles of our target groups.

# SUSTAINABILITY REPORT

## SOCIAL

At Y Ventures, we believe in the concept of stewardship and empowering people to achieve their greatest potential. We strive to bring about a positive contribution to the communities we operate in. In our pursuit, we do not just look inwards at our own employees' development. We also seek to provide opportunities for the community.

### OUR EMPLOYEES

Our employees are our greatest assets in achieving long-term growth and success for the Group. Therefore, we place great emphasis in attracting talent, nurturing them and providing them with the greatest possible opportunities for growth.

#### **Diversity**

We believe in the inherent strength of a vibrant and inclusive workforce. Employees coming from various backgrounds, with different expertise and experiences allow us to better provide innovative solutions to our customers and forge closer relationship with them.

We provide our employees with an equitable remuneration structure with no bias for gender, age or ethnicity. All remuneration packages are provided to employees based on merit. Our hiring process does not discriminate against any ethnic group, nationality or gender.

#### **Talent Attraction and Retention**

We recognise the importance of a competitive compensation and benefit scheme in attracting and retaining talents. Therefore, we ensure that we provide a fair and equitable compensation package for all employees that is based on merit. The Group has an annual performance appraisal system put into place as of FY2018 to periodically review the work performance of its employees and is used as a basis for the annual salary review exercise. The performance appraisal also serves as a platform for open communication between the employees and their direct supervisors. Our employee benefits and human resource policies are also always being reviewed to ensure that they are competitive and aligned with manpower regulations in the jurisdictions we operate in.

We have engaged with academic institutions and governmental organisations to provide internship opportunities for students. Since 2015, we have worked with Temasek Polytechnic in Singapore to grant internship opportunities ranging from three to six months to students in the fields of business and information technology.

We have also partnered with the Info-communications Media Development Authority ("IMDA") of Singapore to develop a training program for fresh and mid-level professionals in data analytics and e-commerce. We expect to bring in the first batch of trainees under this program in 2018. Such programs and partnerships provide us the opportunity to identify talents and provide them with full time employment at our Group.

# SUSTAINABILITY REPORT

For FY2017, we have hired 14 interns from various academic institutions. Moving forward, we will be looking for more opportunities to work with academic institutions and governmental organisations to bring in new talents to our organisation.

## Benefits and Welfare

Motivated and driven employees produce better workplace performance and results. At Y Ventures, we provide our employees with work flexibility and benefits to ensure that they remain motivated and driven. We have a flexi-time work arrangement where employees can vary daily start and end times to suit their work and personal commitments.

We also offer a part-time work scheme which allows our employees to stay employed while coping with personal commitments. In FY2017, Y Ventures had six employees working on a part-time basis.

## Employee Health and Safety

At Y Ventures, we strive to create a positive and healthy work environment for our employees. In 2017, LYJ International Pte. Ltd. has been awarded the Singapore Health Award (Certificate of Recognition), an award given to recognise enterprises' efforts in promoting workplace health practices.

At the Group, we provide all employees with outpatient medical and dental care benefits of up to S\$150 per year. Employees are also under the Group Term Life Insurance Policy, which covers any injury or illness sustained in the course of employment that requires medical, surgical or hospital treatment.

We also provide safety talks and seminars for our employees to ensure that they are trained to handle common workplace hazards or accidents. During FY2017, all employees have attended at least two hours of fire safety training.

Furthermore, in our pursuit of a safe work environment for our employees, we have obtained the bizSAFE Level 3 certification for our logistics operations.



## Pro-family Practices

We adopt welfare practices which conforms to the Singapore government's pro-family legislations. Under the Children Development Co-Savings Act ("Act"), female and male employees are entitled to 16 weeks of paid maternity leave and two weeks of paid paternity leave respectively, provided that their child meets the eligibility criteria listed in the Act. Male employees are also entitled to share up to four weeks of maternity leave subject to his spouse's approval. We also provide eligible employees with childcare leave to manage their family commitments.

# SUSTAINABILITY REPORT

## Employees' Well-Being (Grievances and Disciplinary Procedures for Misconduct)

We aim to continuously improve employees' well-being and engagement so as to build and sustain business performance. Since 2015, we have created a fair and transparent platform for employees to communicate their concerns to the Group and a mechanism to resolve issues of concern appropriately and internally. Any employee who has a grievance relating to his or her work may present their grievance to their immediate supervisor, Manager or Director.

We have also established a formal disciplinary procedure to ensure that our employees are protected against unjustifiable or inconsistent disciplinary action. The formal disciplinary process is as shown below:

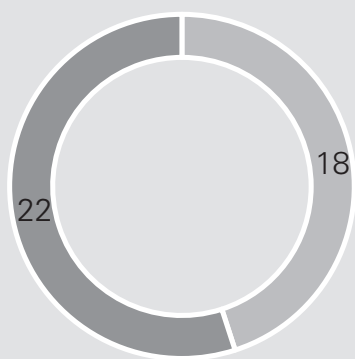
Procedures	Details
<b>Step 1: Statement of grounds for action and invitation to meeting</b>	Employee will be provided with a written statement of the alleged misconduct and are invited to a hearing to discuss the issue.
<b>Step 2: Reasonable opportunity and hearing</b>	Prior to hearing, employee is to be informed of the basis of the formal disciplinary process so as to give them reasonable opportunity to consider his or her response before any hearing takes place. Employees are able to respond and present any evidence of his or her own.
<b>Step 3: Appeal</b>	If employee wishes to appeal against the initial decision, he or she has to notify the Company in writing within five working days of being informed of the decision. Company will carry out further investigations prior to the appeal hearing.

# SUSTAINABILITY REPORT

## Employee Demographics (including overseas jurisdictions)

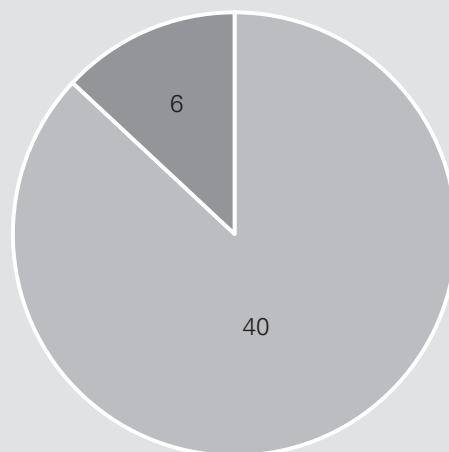
**Employee per Gender**

(\*Full time only)



■ Male ■ Female

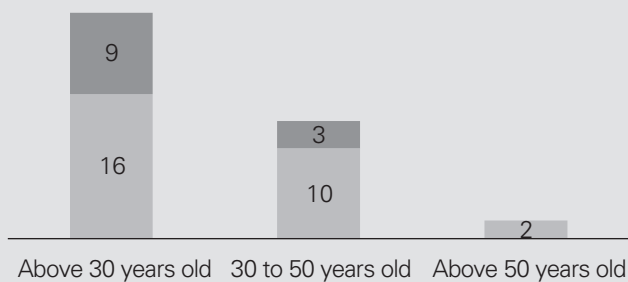
**Employee per Employment Type**



■ Full-Time ■ Part-Time

**Employee per Age Group**

(\*Full time only)



■ Existing Employees ■ New Hires

# SUSTAINABILITY REPORT

## OUR COMMUNITY

Being part of a larger community, we believe that we have a responsibility to do our part for the betterment of the community. Through sponsorships and provision of support or employment, we seek to empower the minorities or persons with disabilities. We recognise that there are valuable abilities in everyone and over the years, we have provided employment opportunities for persons with disabilities. In 2017, we are awarded the Enabling Employers Award by SG Enable for our support to person with disabilities.

The following are some community service efforts by the Group in 2017:

- Participated in the Chai Chee Red Packet Giveaway organised by Kembangan-Chai Chee Seniors Activity Centre during Chinese New Year.
- Ongoing sponsorship of educational awards and prizes with Singapore University of Technology and Design(SUTD) to support the grooming of future generations.
- Ongoing books donation to BooksForAfrica.org in support of their efforts to promote education in Africa. In 2017, total donations amounted to US\$13,797 (computed based on value of the books sold on Amazon).

## HUMAN RIGHTS

We adopt a firm stance against human rights infringement and discrimination to ensure a conducive work environment for our employees. Although we operate in multiple geographical locations globally, we have adopted a strict adherence to the local employment regulations in all jurisdictions we operate in.

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

## WHAT'S NEXT?

### **For Our People**

Keeping in mind that people are valuable assets, we are dedicated to provide addition learning and development opportunities for our employees by committing a total of 5-man days per year per employee on employee training for the next year. The respective Division Heads will perform periodic assessments to better identify and assess individual employee knowledge gaps and learning needs.

### **For the Community**

We will continue to give back to the community and aim to create greater positive impact by organising at least one community project in the coming year. We are committed to involving our employees in the community project.

# SUSTAINABILITY REPORT

## ENVIRONMENT

We are committed to managing and minimising our ecological footprint across our value chain, which includes our business operations, suppliers and customers.

### REDUCING OUR CARBON FOOTPRINT

We acknowledge the generation of carbon output from our business activities. The primary sources of carbon emissions come from the provision of logistics service and energy consumption in our daily office operations. We recognise that investing in energy conservation not only reduces our carbon footprint but also makes business sense in terms of the cost savings that could be achieved. Therefore, we are committed to minimising our overall energy consumption and improving energy efficiency so as to reduce the environmental impact of our operations. In 2017, we have replaced conventional fluorescent bulbs with more energy efficient LED lightings at our offices. Our energy consumption for FY2017 at our Singapore office and warehouses are as summarised:

<b>Electricity usage (kWh)</b>	
Electricity usage at offices*	9,715
Electricity usage at warehouses	11,256
<b>Total electricity usage</b>	<b>20,971</b>

\* Electricity usage at our Taiwan office is not significant, hence excluded from the above readings.

### WASTE MANAGEMENT

As part of our commitment to environmental preservation, we have put in concerted efforts to make waste management a part of our operations and processes. Our waste outputs are primarily office waste, packaging material used in logistics service and waste disposed from our waste management business.

Our subsidiary, Skap Waste Management Pte. Ltd. ("**Skap Waste**"), a waste management service company under the Group, assists in the removal and disposal of household appliances, residential waste, home and office furniture, food waste, off-season branded products, and secured disposal of sensitive documents. We seek to reduce waste disposal through donation of items with resale value and extraction and recycling of certain scrap material such as metal, stainless steel, aluminium and paper, whenever possible. Skap Waste has obtained ISO 14001:2004 certification for the waste collection services it provides. ISO 14001:2004 specifies requirements for an environmental management system to enable an organisation to develop and implement a policy and objectives which take into account legal and other requirements, and information about significant environmental aspects.

# SUSTAINABILITY REPORT



For FY2017, a total of 32.84 tons of metallic materials, consisting of metal, stainless steel, and aluminium waste, have been recycled with National Environment Agency licensed recycling vendor. A total of 4.26 tons of documents and paper printing materials have been sent for shredding and recycling.

## WHAT'S NEXT?

Going forward, we will continue to monitor our electricity usage, as well as expand our scope of monitoring of water usage at our Singapore office and warehouses. Through our conservation efforts, we target to reduce both electricity intensity and water consumption by 3.0% in the following year.

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.

We will also set up recycling bins in all our offices and warehouses to properly dispose of the office waste and recycle whenever possible.

# SUSTAINABILITY REPORT

## GRI Content Index

GRI Standards	Disclosure No.	Disclosure Title	Cross-Referenced Sections	Page
<b>1. Organisational profile</b>	Disclosure 102-1	Name of the organisation	AR – Corporate Profile	2-4
	Disclosure 102-2	Activities, brands, products, and services	AR – Corporate Profile	2-4
	Disclosure 102-3	Location of headquarters	AR – Corporate Profile AR – Corporate Information	2-4 8
	Disclosure 102-4	Location of operations	AR – Corporate Profile AR – Corporate Information	2-4 8
	Disclosure 102-5	Ownership and legal form	AR – Corporate Profile AR – Shareholding Statistics	2-4 147-148
	Disclosure 102-6	Markets served	AR – Corporate Profile AR – Notes to FS (segment information)	2-4 143-146
	Disclosure 102-7	Scale of the organisation	AR – Financial Review	6-7
	Disclosure 102-8	Information on employees and other workers	Social	78-82
	Disclosure 102-9	Supply chain	AR – Corporate Profile AR – Chairman’s Statement	2-5
	Disclosure 102-10	Significant changes to the organisation and its supply chain	AR – Corporate Profile AR – Chairman’s Statement AR – Financial Review	2-7
	Disclosure 102-11	Precautionary Principle or approach	Governance	73-74
	Disclosure 102-12	External initiatives	About this report	63
<b>2. Strategy</b>	Disclosure 102-14	Statement from senior decision-maker	Chairman Message	62
<b>3. Ethics and integrity</b>	Disclosure 102-16	Values, principles, standards, and norms of behaviour	Governance	73-74
<b>4. Governance</b>	Disclosure 102-18	Governance structure	AR – Board of Directors, Key Management AR – Corporate Governance Report	9-61
<b>5. Stakeholder engagement</b>	Disclosure 102-40	List of stakeholder groups	Stakeholder engagement	65-66
	Disclosure 102-41	Collective bargaining agreements		
	Disclosure 102-42	Identifying and selecting stakeholders		
	Disclosure 102-43	Approach to stakeholder engagement		
	Disclosure 102-44	Key topics and concerns raised		

# SUSTAINABILITY REPORT

GRI Standards	Disclosure No.	Disclosure Title	Cross-Referenced Sections	Page
<b>6. Reporting practice</b>	Disclosure 102-45	Entities included in the consolidated financial statements	AR – Notes to FS (Investments in subsidiaries)	128-131
	Disclosure 102-46	Defining report content and topic Boundaries	About this report	63
	Disclosure 102-47	List of material topics	Materiality Table	67
	Disclosure 102-48	Restatements of information	None. First-time implementing Sustainability Reporting	N/A
	Disclosure 102-49	Changes in reporting	None. First-time implementing Sustainability Reporting	N/A
	Disclosure 102-50	Reporting period	FY2017	N/A
	Disclosure 102-51	Date of most recent report	None. First-time implementing Sustainability Reporting	N/A
	Disclosure 102-52	Reporting cycle	Annual	N/A
	Disclosure 102-53	Contact point for questions regarding the report	About this report	63
	Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option	N/A
	Disclosure 102-55	GRI content index	GRI content index	85-89
	Disclosure 102-56	External assurance	AR – Independent Auditor's Report to the members of Y Ventures Group Ltd.	94-98
	<b>Topic-specific disclosures</b>			
<b>GRI201: Economic Performance</b>	Disclosure 201-1	Direct economic value generated and distributed	AR – Financial Review AR – Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated statement of cash flows	6-7 99-104
	Disclosure 205-1	Operations assessed for risks related to corruption	Governance	73-74
<b>GRI 205: Anti-Corruption</b>	Disclosure 205-2	Communication and training about anti-corruption policies and procedures		
	Disclosure 205-3	Confirmed incidents of corruption and actions taken		
	Disclosure 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		

# SUSTAINABILITY REPORT

GRI Standards	Disclosure No.	Disclosure Title	Cross-Referenced Sections	Page
<b>GRI 206: Anti-Competitive Behaviour</b>	Disclosure 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No reported cases during reported period.	N/A
GRI 302: Energy	Disclosure 302-1	Energy consumption within the organisation	Environment	83-84
GRI 303: Water	Disclosure 303-1	Water withdrawal by source	Water use in our operations is not significant.	N/A
	Disclosure 303-2	Water sources significantly affected by withdrawal of water		
	Disclosure 303-3	Water recycled and reused		
GRI 304: Biodiversity	Disclosure 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Our offices and operations are not carried out in protected areas and areas of high biodiversity.	N/A
	Disclosure 304-2	Significant impacts of activities, products, and services on biodiversity		
	Disclosure 304-3	Habitats protected or restored		
	Disclosure 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
GRI 305: Emissions	Disclosure 305-1	Direct (Scope 1) GHG emissions	Our offices and operations do not produce significant levels of GHG.	N/A
	Disclosure 305-2	Energy indirect (Scope 2) GHG emissions		
	Disclosure 305-3	Other indirect (Scope 3) GHG emissions		
	Disclosure 305-4	GHG emissions intensity		
	Disclosure 305-5	Reduction of GHG emissions		
	Disclosure 305-6	Emissions of ozone-depleting substances (ODS)		
	Disclosure 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		
GRI 306: Effluents and Waste	Disclosure 306-1	Water discharge by quality and destination	Our offices and operations do not discharge significant level of water. We do not produce hazardous waste during our operations.	N/A
	Disclosure 306-2	Waste by type and disposal method		
	Disclosure 306-3	Significant spills		
	Disclosure 306-4	Transport of hazardous waste		
	Disclosure 306-5	Water bodies affected by water discharges and/or runoff		

# SUSTAINABILITY REPORT

GRI Standards	Disclosure No.	Disclosure Title	Cross-Referenced Sections	Page
GRI 307: Environmental	Disclosure 307-1	Non-compliance with environmental laws and regulations	Environment	83-84
Compliance GRI 401: Employment	Disclosure 401-1	New employee hires and employee turnover	Social	78-82
	Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		
	Disclosure 401-3	Parental leave		
GRI 403: Occupational Health and Safety	Disclosure 403-1	Workers representation in formal joint management-worker health and safety committees	Social	78-82
	Disclosure 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		
	Disclosure 403-3	Workers with high incidence or high risk of diseases related to their occupation		
	Disclosure 403-4	Health and safety topics covered in formal agreements with trade unions		
GRI 404: Training and Education	Disclosure 404-1	Average hours of training per year per employee	Social	78-82
	Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs		
	Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews		
GRI 405: Diversity and Equal Opportunity	Disclosure 405-1	Diversity of governance bodies and employees	AR – Board of Directors AR – Key Management	8-11
GRI 406: Non-discrimination	Disclosure 406-1	Incidents of discrimination and corrective actions taken	No reported cases during reported period.	N/A
GRI 412: Human Rights Assessment	Disclosure 412-1	Operations that have been subject to human rights reviews or impact assessments	Social	78-82
	Disclosure 412-2	Employee training on human rights policies or procedures		
	Disclosure 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		

# SUSTAINABILITY REPORT

GRI Standards	Disclosure No.	Disclosure Title	Cross-Referenced Sections	Page
GRI 413: Local Communities	Disclosure 413-1	Operations with local community engagement, impact assessments, and development programs	Social	78-82
	Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities		
GRI 417: Marketing and Labelling	Disclosure 417-1	Requirements for product and service information and labelling	Economics	75-77
	Disclosure 417-2	Incidents of non-compliance concerning product and service information and labelling	No reported cases during reported period.	N/A
	Disclosure 417-3	Incidents of non-compliance concerning marketing communications		
GRI 418: Customer Privacy	Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No reported cases during reported period.	N/A
GRI 419: Socioeconomic Compliance	Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area	Economics and Social	75-82

# DIRECTORS' STATEMENT

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 2017.

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 99 to 146 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 2017 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 Financial Reporting Standards in Singapore; and
- (ii) at the date of this statement 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	(Appointed on 29 May 2017)
Wong Sok Mei	(Appointed on 29 May 2017)
Ng Tiong Gee	(Appointed on 29 May 2017)
Twoon Wai Mun, Benjamin	(Appointed on 29 May 2017)

## 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' STATEMENT

## 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:

Name of directors	Number of ordinary shares with no par value			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At 1.1.2017/ date of appointment	At 31.12.2017	At 1.1.2017/ date of appointment	At 31.12.2017
<b>The Company</b>				
Low Yik Sen	35,000	71,115,000	–	–
Low Yik Jin	35,000	71,115,000	–	–
Wong Sok Mei	–	100,000	–	–
Edward Tiong Yung Suh	–	–	–	50,000
Ng Tiong Gee	–	–	–	100,000
Twoon Wai Mun, Benjamin	–	–	–	100,000

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 1.1.2017/ date of appointment	At 31.12.2017
Ordinary share with par value of US\$1.00 each		
<b>JustNile Holdings</b>	222,261	222,261
Ordinary share with par value of US\$1.00 each		
<b>JustNile Distribution Ltd.</b>	30,000	30,000
Ordinary share with par value of US\$0.01 each		
<b>JustNile Inc</b>	900	900
Ordinary share with no par value		
<b>JustNile International Corp</b>	1,800,000	1,800,000
Ordinary share with no par value		
<b>Faire Holdings Pte. Ltd.</b>	–	51
Ordinary share with par value of INR100.00 each		
<b>Jaykin Distribution (India) Private Limited</b>	–	510

The directors' interest in the ordinary shares of the Company and subsidiary corporations as at 21 January 2018 were the same as those as at 31 December 2017.

# DIRECTORS' STATEMENT

## 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, comprising Mr Edward Tiong Yung Suh, Ms Wong Sok Mei, Mr Ng Tiong Gee and Mr Tsoon Wai Mun, Benjamin.

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.

# DIRECTORS' STATEMENT

## AUDIT COMMITTEE (CONTINUED)

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 2017 and the independent auditor's report thereon; and
- (e) interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist).

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

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**Low Yik Sen**  
Director

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**Low Yik Jin**  
Director

28 March 2018

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Y VENTURES GROUP LTD.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### 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 99 to 146, which comprise the statements of financial position of the Group and of the Company as at 31 December 2017, 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, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") 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 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

### Basis for Opinion

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

### 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Y VENTURES GROUP LTD.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Valuation of Inventories at the lower of costs and net realisable value

We refer to Note 4 under "Critical Accounting Judgements and Key Sources of Estimation Uncertainty", Note 3(i) under "Summary of Significant Accounting Policies" and Note 15 to the financial statements.

As at 31 December 2017, the Group's inventories amounted to US\$6,060,250 (2016: US\$2,631,667). Inventories are stated in the financial statements at the lower of cost and net realisable value. The Group's inventory balance amounted for approximately 73% and 62% of total current assets and total assets respectively at 31 December 2017. Any significant changes in anticipated future selling prices and saleability may result in the need to write-down inventories.

#### *Our audit procedures and response:*

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

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the financial year ended 31 December 2017, but does not include the financial statements and our auditor's report thereon.

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Y VENTURES GROUP LTD.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### 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 FRSs, 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Y VENTURES GROUP LTD.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Y VENTURES GROUP LTD.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Report on Other Legal and Regulatory Requirements

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

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

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

28 March 2018

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group	
		2017 US\$	2016 US\$
<b>Revenue</b>	5	<b>14,122,859</b>	12,106,773
Cost of sales		<b>(8,248,564)</b>	(6,789,075)
Gross profit		<b>5,874,295</b>	5,317,698
Other income	6	<b>126,576</b>	167,407
<b>Expenses</b>			
Selling and distribution expenses		<b>(3,349,948)</b>	(1,968,181)
Administrative expenses		<b>(3,517,348)</b>	(1,650,588)
Finance costs	7	<b>(20,321)</b>	(22,878)
<b>(Loss)/profit before tax</b>	8	<b>(886,746)</b>	1,843,458
Tax expense	10	<b>(22,005)</b>	(197,554)
<b>(Loss)/profit for the year</b>		<b>(908,751)</b>	1,645,904
<b>Other comprehensive income/(loss):</b>			
<i>Item that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation		<b>18,284</b>	(15,740)
<b>Total comprehensive (loss)/income for the year</b>		<b>(890,467)</b>	1,630,164
<b>(Loss)/profit attributable to:</b>			
Equity holders of the Company		<b>(787,433)</b>	1,531,438
Non-controlling interests		<b>(121,318)</b>	114,466
		<b>(908,751)</b>	1,645,904
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company		<b>(769,069)</b>	1,517,151
Non-controlling interests		<b>(121,398)</b>	113,013
		<b>(890,467)</b>	1,630,164
<b>(Loss)/earnings per share attributable to equity holders of the Company (cents per share)</b>			
Basic and diluted	11	<b>(0.4)</b>	0.8

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

# STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 US\$	2016 US\$	2017 US\$	2016 US\$
<b>Non-current assets</b>					
Property, plant and equipment	12	<b>1,342,362</b>	1,524,631	–	–
Intangible assets	13	<b>213,432</b>	–	–	–
Investment in subsidiaries	2,14	–	–	<b>2,567,068</b>	–
<b>Total non-current assets</b>		<b>1,555,794</b>	1,524,631	<b>2,567,068</b>	–
<b>Current assets</b>					
Inventories	15	<b>6,060,250</b>	2,631,667	–	–
Trade and other receivables	16	<b>1,304,960</b>	819,539	<b>6,087,829</b>	268
Cash and bank balances		<b>882,608</b>	937,535	<b>429,399</b>	45,868
<b>Total current assets</b>		<b>8,247,818</b>	4,388,741	<b>6,517,228</b>	46,136
<b>Total assets</b>		<b>9,803,612</b>	5,913,372	<b>9,084,296</b>	46,136
<b>Non-current liabilities</b>					
Borrowing	17	<b>942,602</b>	939,237	–	–
Deferred tax liabilities		<b>30,686</b>	15,882	–	–
<b>Total non-current liabilities</b>		<b>973,288</b>	955,119	–	–
<b>Current liabilities</b>					
Trade and other payables	18	<b>1,947,395</b>	1,609,154	<b>2,287,543</b>	102,993
Amounts due to directors	19	–	307,821	–	–
Borrowing	17	<b>36,834</b>	25,293	–	–
Tax payable		<b>400,353</b>	406,873	–	–
<b>Total current liabilities</b>		<b>2,384,582</b>	2,349,141	<b>2,287,543</b>	102,993
<b>Total liabilities</b>		<b>3,357,870</b>	3,304,260	<b>2,287,543</b>	102,993
<b>Net assets/(liabilities)</b>		<b>6,445,742</b>	2,609,112	<b>6,796,753</b>	(56,857)
<b>Equity</b>					
Share capital	20	<b>7,941,947</b>	307,942	<b>7,941,947</b>	51,723
Retained earnings/ (Accumulated losses)		<b>690,948</b>	2,078,381	<b>(1,145,194)</b>	(108,580)
Currency translation reserve		<b>(5,802)</b>	(24,166)	–	–
Merger reserve	21	<b>(2,455,477)</b>	–	–	–
Equity attributable to equity holders of the Company, total		<b>6,171,616</b>	2,362,157	<b>6,796,753</b>	(56,857)
Non-controlling interests		<b>274,126</b>	246,955	–	–
<b>Total equity</b>		<b>6,445,742</b>	2,609,112	<b>6,796,753</b>	(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 2017

	← Attributable to equity holders of the Company →						
	Share capital US\$	Currency	Retained earnings US\$	Merger reserve US\$	Total US\$	Non- controlling interests US\$	Total equity US\$
		translation reserve US\$					
<b>Group</b>							
<b>2017</b>							
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)
<i>Other comprehensive income</i>							
Currency translation differences arising from consolidation	–	18,364	–	–	18,364	(80)	18,284
Total comprehensive loss for the year	–	18,364	(787,433)	–	(769,069)	(121,398)	(890,467)
Issuance of ordinary shares pursuant to the Restructuring Exercise (Note 20)	2,564,790	–	–	–	2,564,790	–	2,564,790
Dividends paid before Restructuring Exercise (Note 22)	–	–	(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 20)	5,677,210	–	–	–	5,677,210	–	5,677,210
Capitalisation of share issuance expenses (Note 20)	(351,776)	–	–	–	(351,776)	–	(351,776)
<i>Changes in ownership interest in subsidiaries</i>							
Acquisition of a subsidiary	–	–	–	–	–	358	358
Incorporation of a subsidiary	–	–	–	–	–	148,211	148,211
Total charge in ownership interest in subsidiaries	–	–	–	–	–	148,569	148,569
<b>Balance at 31 December 2017</b>	<b>7,941,947</b>	<b>(5,802)</b>	<b>690,948</b>	<b>(2,455,477)</b>	<b>6,171,616</b>	<b>274,126</b>	<b>6,445,742</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	← Attributable to equity holders of the Company →					Total equity US\$
	Share capital US\$	Retained earnings US\$	Currency translation reserve US\$	Total US\$	Non- controlling interest US\$	
<b>Group</b>						
<b>2016</b>						
Balance at 1 January 2016	164,680	2,979,062	(9,879)	3,133,863	113,942	3,247,805
<i>Profit for the year</i>	-	1,531,438	-	1,531,438	114,466	1,645,904
<b>Other comprehensive loss</b>						
Currency translation differences on consolidation	-	-	(14,287)	(14,287)	(1,453)	(15,740)
Total comprehensive income for the year	-	1,531,438	(14,287)	1,517,151	113,013	1,630,164
Issue of ordinary shares (Note 20)	143,262	-	-	143,262	20,000	163,262
Dividends paid before Restructuring Exercise (Note 22)	-	(2,432,119)	-	(2,432,119)	-	(2,432,119)
Balance at 31 December 2016	<u>307,942</u>	<u>2,078,381</u>	<u>(24,166)</u>	<u>2,362,157</u>	<u>246,955</u>	<u>2,609,112</u>

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Share capital US\$	Accumulated losses US\$	Total equity US\$
<b>Company</b>				
Balance at 1 January 2016		1	(15)	(14)
Net loss and comprehensive loss for the year		–	(108,565)	(108,565)
Issuance of ordinary shares	20	51,722	–	51,722
Balance at 31 December 2016		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	20	2,564,790	–	2,564,790
Issuance of ordinary shares pursuant to initial public offering	20	5,677,210	–	5,677,210
Capitalisation of share issuance expenses	20	(351,776)	–	(351,776)
<b>Balance at 31 December 2017</b>		<b>7,941,947</b>	<b>(1,145,194)</b>	<b>6,796,753</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017 US\$	2016 US\$
<b>Cash flows from operating activities</b>		
(Loss)/profit before tax	(886,746)	1,843,458
Adjustments for:		
Amortisation of intangible assets	36,404	–
Depreciation of property, plant and equipment	87,939	102,228
Goodwill written off	408	–
Impairment loss of property, plant and equipment	180,495	–
Interest expense	20,321	22,878
Interest income	(9,207)	(91)
Unrealised exchange loss/(gain)	50,448	(3,047)
Operating cash flows before working capital change	(519,938)	1,965,426
Inventories	(3,428,583)	(1,594,520)
Receivables	(483,675)	919,689
Payables	337,876	1,331,946
Currency translation adjustments	(4,271)	(11,736)
Cash flows (used in)/from operations	(4,098,591)	2,610,805
Income tax paid	(15,142)	(10,851)
Interest received	9,207	91
<b>Net cash (used in)/from operating activities</b>	<b>(4,104,526)</b>	<b>2,600,045</b>
<b>Cash flow from investing activity</b>		
Purchases of property, plant and equipment	(85,586)	(54,829)
Purchase of intangible assets	(249,836)	–
Net cash outflow on acquisition of a subsidiary (Note 14(iv))	(324)	–
<b>Net cash used in investing activities</b>	<b>(335,746)</b>	<b>(54,829)</b>
<b>Cash flow from financing activities</b>		
Repayments of borrowing	(35,542)	(33,069)
Proceeds from issue of shares, net	5,178,528	143,262
Subscription for shares in subsidiaries by non-controlling interest	148,211	20,000
Net decrease of amounts due to related parties	–	(5,803)
Net decrease of amounts due to directors	(307,821)	(7,780)
Interest paid	(20,321)	(22,878)
Dividends paid to shareholders before Restructuring Exercise	(600,000)	(2,432,119)
<b>Net cash from/(used in) financing activities</b>	<b>4,363,055</b>	<b>(2,338,387)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(77,217)</b>	<b>206,829</b>
Cash and cash equivalents at beginning of the financial year	937,535	732,734
Effects of exchange rate changes on cash and cash equivalents	22,290	(2,028)
<b>Cash and cash equivalents at end of the financial year</b>	<b>882,608</b>	<b>937,535</b>

Cash and cash equivalents comprise cash and bank balances as shown on statements of financial position.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 46 East Coast Road, #09-06 Eastgate, Singapore 428766.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

## 2 THE RESTRUCTURING EXERCISE

The Group and the Company undertook the transaction described below (the "Restructuring Exercise") as part of corporate re-organisation implemented in preparation for its listing on SGX-Catalist.

### (a) Incorporation of the Company

The Company was incorporated on 2 January 2013 in Singapore with an issued and paid-up capital of S\$2.00 (approximately US\$1.00) comprising two ordinary shares held by Mr Low Yik Sen and Mr Low Yik Jin equally. On 26 August 2016, the issued and paid-up share capital of the Company was increased to S\$70,000 (approximately US\$51,723) comprising 70,000 ordinary shares held by Mr Low Yik Sen and Mr Low Yik Jin equally.

### (b) Acquisition of shares in LYJ International Pte. Ltd. ("LYJ"), Avalon Worldwide Group Ltd. ("AVL"), Skap Logistics Pte. Ltd. ("SKAP"), Y Ventures Inc ("YINC") and JustNile Holdings ("JHLD")

Pursuant to a restructuring purchase agreement dated 25 May 2017 entered into amongst the Company and the shareholders of LYJ, AVL, SKAP, YINC, JHLD and JustNile Corp. (the "Restructuring Agreement"), the Company acquired all of the issued and paid-up ordinary shares of LYJ, AVL, SKAP, YINC and JHLD for an aggregate purchase consideration of S\$3,428,100. The purchase consideration was estimated based on the aggregate consolidated net asset values (the "NAV") of these subsidiaries as at 31 December 2016 and was fully satisfied by the issuance of 2,930,000 shares in the capital of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 THE RESTRUCTURING EXERCISE (CONTINUED)

### (c) Acquisition of JustNile Inc ("JINC"), JustNile International Corp. ("JINT") and JustNile Distribution Ltd. ("JDTB")

Pursuant to the Restructuring Agreement and a sale and purchase agreement dated 25 May 2017 entered into between JHLD and JustNile Corp., JHLD acquired all of the issued and paid-up ordinary shares of JINC and JDTB and the entire capital in JINT at the aggregate purchase consideration of US\$370,433. The purchase consideration was based on the NAV of three subsidiaries as at 31 December 2016 and wholly satisfied by the issuance of 370,433 shares to the shareholders of JHLD.

### (d) Incorporation of JHLD

Pursuant to a joint venture agreement dated 20 January 2017 entered into amongst the Company and shareholders of JHLD, JHLD was incorporated on 27 March 2017 to acquire the entire issued share capital of JINC, JINT and JDTB from their respective shareholders at the aggregate purchase consideration of described in Note 2(c) through the issue of new shares in JHLD to their respective shareholders, with the eventual shareholding in JHLD held by the Company and JustNile Corp. in the proportion of 60% and 40% respectively.

### (e) Incorporation of JustNile (SEA) Pte. Ltd. ("JSEA") and Skap Waste Management Pte. Ltd. ("SMGT")

JSEA was incorporated in Singapore on 6 October 2016 with issued and paid-up share capital of S\$2 comprising 2 ordinary shares held by the Company's wholly-owned subsidiary, LYJ.

SMGT was incorporated in Singapore on 25 January 2017 with issued and paid-up share capital of S\$10,000 comprising 10,000 ordinary shares held by the Company's wholly-owned subsidiary, SKAP.

### (f) Sub-division

On 2 June 2017, 3,000,000 shares in the capital of the Company were sub-divided into 165,000,000 shares.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 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 Financial Reporting Standards in Singapore ("FRSs"). 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 FRS 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 resulting in material adjustment within next financial year, are disclosed in Note 4 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.

#### *New and revised standards*

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

From 1 January 2017, as a result of the amendments to FRS 7 Statement of Cash Flows (Disclosure Initiative), the Group has provided additional disclosure in relation to changes in liabilities from financing activities for the current financial year (Note 17).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (Continued)

#### *New and revised standards (Continued)*

The adoption of these new/revised FRSs and INT FRSs did not have any material effect on the financial results or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2017 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 as follows:

#### **Convergence with International Financial Reporting Standards (IFRS)**

The Accounting Standards Council ("ASC") announced that Singapore incorporated companies listed on the Singapore Exchange ("SGX") or are in the process of issuing equity or debt instruments for trading on SGX, will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS Convergence), known as Singapore Financial Reporting Standards (International) ("SFRS(I)"), with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I) issued by ASC. These financial statements will be the last set of financial statements prepared under the current FRS in Singapore.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. In addition to the adoption of the new framework, the Group will be adopting other new SFRS(I), amendments to standards and interpretations of SFRS(I) which are effective from the same date.

The Group does not expect the application of the new standards, amendments to standards and interpretations, and the IFRS Convergence to have a significant impact on the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (Continued)

*New and revised standards (Continued)*

#### **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 standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. SFRS(I) 15 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group plans to adopt the new standard when it becomes effective in financial year ending 31 December 2018. Based on the existing sources of revenue as at 31 December 2017, management does not anticipate that the application of SFRS(I) 15 will have a material impact on the Group's financial statements. Further evaluation will be undertaken should the source of revenue change in the year when SFRS(I) 15 becomes effective.

#### **SFRS(I) 9 Financial Instruments**

SFRS(I) 9 which replaces FRS 39, 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 an expected credit loss model and replace FRS 39 incurred loss model.

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### a) Basis of preparation (Continued)

*New and revised standards* (Continued)

#### **SFRS(I) 9 Financial Instruments** (Continued)

##### (a) *Classification and measurement*

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted using amortised cost model under SFRS(I) 9.

##### (b) *Impairment*

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects that the new expected loss model may result in an earlier recognition of credit losses.

The Group plans to adopt the new standard when it becomes effective in financial year ending 31 December 2018. Based on preliminary impact assessment, management does not anticipate that the application of SFRS(I) 9 will have a material impact on the Group's financial statements.

#### **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 statement 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 standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of SFRS (I) 16 and plans to adopt the standard on the required effective date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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. The consolidated financial statements of the Group were prepared by applying the pooling of interest method as the Restructuring Exercise as described in Note 2 is a legal reorganisation of entities under common control. 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.

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 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of consolidation (Continued)

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

### (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; any amount in asset revaluation reserve relating to that asset is transferred to retained earnings directly.

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:

	<u>Years</u>
Freehold property	50
Vehicles	5
Renovation	3
Furniture and fittings	3
Office equipment	1

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Property, plant and equipment (Continued)

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.

### (f) Impairment of non-financial assets

At 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Impairment of non-financial assets (Continued)

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

#### ***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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Financial assets (Continued)

#### *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.

Interest income on financial assets are recognised separately in profit or loss.

#### *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.

### (h) Cash and cash equivalents

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, bank overdrafts that form an integral part of the Group's cash management and excludes pledged deposits.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

### (j) Financial liabilities

Financial liabilities include trade and other payables, amounts due to directors and borrowing. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

### (k) 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.

### (l) 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.

### (m) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates, discounts and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Revenue recognition (Continued)

#### *Sale of goods*

Revenue from sales of goods is recognised when the Group has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

#### *Rendering of services*

Revenue from service is recognised during the financial year in which the services are rendered.

#### *Rental income*

Rental income from operating leases are recognised on a straight-line basis over the lease term.

#### *Interest income*

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

### (n) 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.

### (o) Operating leases

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) 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.

### (q) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) Income taxes (Continued)

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Functional and foreign currencies (Continued)

#### *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.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### **Critical judgements in applying the entity's accounting policies**

In the process of applying the Group's accounting policies which are described in Note 3, 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).

#### *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. Management has assessed the factors in determining the functional currency of each entity within the Group.

### **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.

#### *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.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

### Key sources of estimation uncertainty (Continued)

#### *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.

## 5 REVENUE

	Group	
	2017 US\$	2016 US\$
Sales of goods	<b>13,614,897</b>	11,582,381
Service income	<b>507,962</b>	524,392
	<b>14,122,859</b>	12,106,773

## 6 OTHER INCOME

	Group	
	2017 US\$	2016 US\$
Foreign exchange gain, net	–	5,043
Government grants	<b>14,999</b>	71,596
Interest income	<b>9,207</b>	91
Others	<b>10,334</b>	14,761
Resale of goods collected	<b>58,433</b>	54,026
Storage services	<b>33,603</b>	21,890
	<b>126,576</b>	167,407

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 7 FINANCE COSTS

	Group	
	2017 US\$	2016 US\$
Interest expense:		
– Commercial property loan	<b>20,321</b>	22,878

## 8 (LOSS)/PROFIT BEFORE TAX

	Group	
	2017 US\$	2016 US\$
This is arrived at after charging/(crediting):		
Amortisation of intangible assets (Note 13)	<b>36,404</b>	–
Audit fee payable/paid to		
– auditor of the Company	<b>56,531</b>	–
– other auditors	<b>1,642</b>	4,649
Foreign exchange losses, net	<b>128,243</b>	–
Fees for non-audit services		
– auditor of the Company	<b>9,355</b>	–
Directors' fee	<b>31,640</b>	–
Goodwill written off (Note 14(iv))	<b>408</b>	–
Depreciation of property, plant and equipment (Note 12)	<b>87,939</b>	102,228
Impairment loss of property, plant and equipment (Note 12)	<b>180,495</b>	–
Initial public offering expenses	<b>907,288</b>	78,330
Rental expense	<b>79,150</b>	62,075
Personnel expenses (Note 9)	<b>1,486,364</b>	1,024,182
Write back of allowance for doubtful receivable (Note 16)	<b>(129,562)</b>	–

In addition to the fees disclosed, the Group paid US\$120,506 (2016: US\$29,677) to the auditor of the Company in connection with the Company's initial public offering.

## 9 PERSONNEL EXPENSES

	Group	
	2017 US\$	2016 US\$
Staff costs:		
– Salaries, bonus and other benefits	<b>1,360,493</b>	934,308
– Defined contribution plans	<b>125,871</b>	89,874
	<b>1,486,364</b>	1,024,182

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 10 TAX EXPENSE

	Group	
	2017 US\$	2016 US\$
Tax expense attributable to (loss)/profits is made up of:		
Current income tax	6,022	197,554
Deferred tax	17,574	–
(Over)/under provision in respect of previous financial year		
– income tax	1,180	–
– deferred tax	(2,771)	–
	<b>22,005</b>	<b>197,554</b>

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 profit/loss in the countries where the Group operates due to the following factors:

	Group	
	2017 US\$	2016 US\$
(Loss)/profit before tax	(886,746)	1,843,458
Tax at the domestic rates applicable to profit/loss in the countries where the Group operates	(484,320)	271,824
Singapore statutory stepped income exemption	(15,202)	(46,960)
Expenses not deductible for tax purposes	274,883	37,408
Income not subject to tax	(9,479)	(3,331)
Over provision of taxation in prior years	(1,591)	–
Deferred tax assets not recognised for the year	283,149	–
Utilisation of previously unrecognised temporary differences	(36,559)	–
Effect of tax incentive and rebate	(8,639)	–
Others	19,763	(61,387)
	<b>22,005</b>	<b>197,554</b>

The income tax rate applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2016: 17%) and tax-free to 40% (2016: tax-free to 40%) respectively for the financial year ended 31 December 2017.

At the end of the reporting period, the Group has unutilised tax losses of US\$1,137,000 (2016: US\$241,000) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 11 EARNINGS PER SHARE

Pursuant to Initial Public Offering ("IPO"), the following tables reflects the consolidated statement of profit or loss and comprehensive income and share data used in the computation of basis and diluted earnings per share:

	Group	
	2017 US\$	2016 US\$
(Loss)/profit for the year attributable to equity holders of the Company (US\$)	<u>(787,433)</u>	<u>1,531,438</u>
Weighted average number of ordinary shares <sup>(1)</sup>	<u>200,000,000</u>	<u>200,000,000</u>
(Loss)/earnings per shares (cents per share)		
– Basic and diluted	<u>(0.4)</u>	<u>0.8</u>

<sup>(1)</sup> For comparative purpose, the loss/earnings per share for the respective financial years have been computed based on the loss/profit attributable to equity holders of the Company and the post-IPO share capital of 200,000,000 shares.

## 12 PROPERTY, PLANT AND EQUIPMENT

	Freehold property US\$	Vehicles US\$	Renovation US\$	Furniture and fittings US\$	Office equipment US\$	Total US\$
<b>Group</b>						
<b>2017</b>						
<b>Cost</b>						
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)
Currency alignment	–	473	544	–	1,515	2,532
At 31.12.2017	<u>1,523,832</u>	<u>167,001</u>	<u>105,411</u>	<u>23,147</u>	<u>115,653</u>	<u>1,935,044</u>
<b>Accumulated depreciation and impairment losses</b>						
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
Currency alignment	–	298	140	22	1,493	1,953
At 31.12.2017	<u>299,862</u>	<u>85,856</u>	<u>102,147</u>	<u>10,125</u>	<u>94,692</u>	<u>592,682</u>
<b>Net carrying value</b>						
At 31.12.2017	<u>1,223,970</u>	<u>81,145</u>	<u>3,264</u>	<u>13,022</u>	<u>20,961</u>	<u>1,342,362</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold property US\$	Vehicles US\$	Renovation US\$	Furniture and fittings US\$	Office equipment US\$	Total US\$
<b>Group</b>						
<b>2016</b>						
<b>Cost</b>						
At 1.1.2016	1,523,832	136,893	97,139	8,604	62,110	1,828,578
Additions	–	–	8,067	–	46,762	54,829
Currency alignment	–	(80)	(339)	–	(388)	(807)
At 31.12.2016	<u>1,523,832</u>	<u>136,813</u>	<u>104,867</u>	<u>8,604</u>	<u>108,484</u>	<u>1,882,600</u>
<b>Accumulated depreciation</b>						
At 1.1.2016	58,414	76,774	56,821	5,385	58,856	256,250
Depreciation charge	30,477	21,224	32,380	2,868	15,279	102,228
Currency alignment	–	(101)	–	–	(408)	(509)
At 31.12.2016	<u>88,891</u>	<u>97,897</u>	<u>89,201</u>	<u>8,253</u>	<u>73,727</u>	<u>357,969</u>
<b>Net carrying value</b>						
At 31.12.2016	<u>1,434,941</u>	<u>38,916</u>	<u>15,666</u>	<u>351</u>	<u>34,757</u>	<u>1,524,631</u>

The Group's freehold property with a carrying amount of US\$1,223,970 (2016: US\$1,434,941) 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 leasehold property is 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.

## 13 INTANGIBLE ASSETS

	Group	
	2017 US\$	2016 US\$
<b>Computer software development costs</b>		
<b>Cost</b>		
At 1 January	–	–
Additions	<u>249,836</u>	–
At 31 December	<u>249,836</u>	–
<b>Accumulated amortisation</b>		
At 1 January	–	–
Amortisation charge for the year	<u>36,404</u>	–
At 31 December	<u>36,404</u>	–
<b>Net carrying value</b>		
At 31 December	<u>213,432</u>	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 14 INVESTMENT IN SUBSIDIARIES

	<b>Company 2017 US\$</b>
<b>Unquoted shares, at cost</b>	
Issuance of shares for acquisition of subsidiaries pursuant to the Restructuring Exercise	<b>2,564,791</b>
Investment in new subsidiaries	<b>2,277</b>
	<b><u>2,567,068</u></b>

(i) **Details of the subsidiaries are:**

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest	
			2017 %	2016 %
<i>Held by the Company</i>				
LYJ International Pte. Ltd. <sup>(1)(ii)</sup>	Singapore	Procuring and holding of inventory before shipment to destination countries	<b>100</b>	100
Y Ventures Inc <sup>(3)(ii)</sup>	United States of America	Retail channel for US online marketplaces for books	<b>100</b>	100
JustNile (India) Pte. Ltd. <sup>(1)</sup>	Singapore	General import and export of products	<b>100</b>	–
JustNile Holdings <sup>(3)</sup>	Cayman Islands	Investment holding	<b>60</b>	–
Jaykin Distribution (India) Private Limited <sup>(3)</sup>	India	Dormant	<b>51</b>	–
Faire Holdings Pte. Ltd. <sup>(3)</sup>	Singapore	Online retail sales of leather accessories	<b>51</b>	–
JustNile UK Pte Ltd <sup>(3)</sup>	United Kingdom	Dormant	<b>100</b>	–
JustNile Malaysia Sdn. Bhd. <sup>(3)</sup>	Malaysia	Dormant	<b>100</b>	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(i) **Details of the subsidiaries are:** (Continued)

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest	
			2017 %	2016 %
<i>Subsidiaries held by LYJ International Pte. Ltd.</i>				
JustNile (SEA) Pte. Ltd. <sup>(1)(ii)</sup>	Singapore	Procuring of non-book products from Taiwan and distribution within Southeast Asia	100	100
Skap Logistics Pte. Ltd. <sup>(1)(ii)</sup>	Singapore	Order fulfilment, logistics and freight forwarding	100	100
Avalon Worldwide Group Ltd. <sup>(3)(ii)</sup>	British Virgin Islands	Handles settlement between subsidiaries and suppliers, as well as sale of books to wholesalers	100	100
<i>Subsidiaries held by JustNile Holdings</i>				
JustNile Inc <sup>(3)(ii)</sup>	United States of America	Retail channel for USA online marketplaces for non-book products	60	60
JustNile Distribution Ltd. <sup>(3)(ii)</sup>	British Virgin Islands	Trading entity for merchandises sold through JustNile Inc	60	60
JustNile International Corp. <sup>(2)(ii)</sup>	Taiwan	Procuring home and décor merchandises from Taiwan and the People's Republic of China and holding the inventory in Taiwan	60	60
<i>Subsidiary held by Skap Logistics Pte. Ltd.</i>				
Skap Waste Management Pte. Ltd. <sup>(1)</sup>	Singapore	Waste management services	100	—

<sup>(1)</sup> Audited by Baker Tilly TFW LLP.

<sup>(2)</sup> Audited by Kudos & Co., Certified Public Accountants.

<sup>(3)</sup> Not required to be audited for the financial year ended 31 December 2017 by law of incorporation, and audited by Baker Tilly TFW LLP for the purpose of preparation of the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

- (ii) For the financial year ended 31 December 2016, the financial performance of these subsidiaries were combined with the Company on the basis that the Group is a continuation of the existing businesses of the subsidiaries under common control.
- (iii) During the financial year, the Group has incorporated wholly-owned subsidiaries, JustNile (India) Pte. Ltd., JustNile UK Pte Ltd, JustNile Malaysia Sdn. Bhd., Skap Waste Management Pte. Ltd., 51% owned subsidiary, Faire Holdings Pte. Ltd. and 60% owned subsidiary, JustNile Holdings.

### (iv) Acquisition of a subsidiary

On 9 October 2017 (the "Acquisition Date"), the Company acquired 51% of the issued share capital of Jaykin Distribution (India) Private Limited at a consideration of US\$780 from a director, Low Yik Jin, and unrelated two individual shareholders in order to complement the Group's principal activities and strengthen its presence in India.

The fair value of the identifiable assets and liabilities of the subsidiary acquired as at the acquisition date were:

	<b>Fair value recognised on acquisition US\$</b>
Trade and other receivables	639
Cash and bank balances	456
	<u>1,095</u>
Trade and other payables	365
Total identifiable net assets at fair value	730
Non-controlling interests measured at the non-controlling's proportionate share of subsidiary's net assets (49%)	(358)
Goodwill arising from acquisition	408
Total cash consideration transferred	<u>780</u>
<u>Effect of the acquisition of the subsidiary on cash flows</u>	
Total consideration for equity interest acquired	780
Less: cash and bank balances of the subsidiary acquired	(456)
Net cash outflows on acquisition	<u>324</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (iv) Acquisition of a subsidiary (Continued)

#### (a) Goodwill arising from acquisition

Management has decided to write off the goodwill arising from acquisition of US\$408.

#### (b) Revenue and profit contribution

Jaykin Distribution (India) Private Limited contributed revenues US\$nil and loss of US\$103 to the Group for the period from 9 October 2017 to 31 December 2017. If the acquisition had occurred on 1 January 2017, the Group's revenue for the financial year ended 31 December 2017 would have been US\$14,122,859 and total loss would have been US\$909,677.

#### (v) 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.

## 15 INVENTORIES

	Group	
	2017 US\$	2016 US\$
Finished goods	<u>6,060,250</u>	<u>2,631,667</u>

Inventories recognised as an expense in cost of sales for the financial year ended 31 December 2017 amounted to US\$7,360,973 (2016: US\$6,453,875).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Trade receivables (third parties)	<b>709,176</b>	371,403	-	-
Advance to suppliers	<b>300,177</b>	149,562	-	-
Deposits	<b>68,324</b>	30,366	-	-
GST receivable	-	32,000	-	-
Other receivables	<b>66,474</b>	252,995	<b>47,883</b>	-
Prepayment	<b>8,796</b>	3,841	-	-
Due from a non-controlling shareholder of the subsidiaries	<b>150,906</b>	108,934	-	-
Tax recoverable	<b>1,107</b>	-	-	-
Due from subsidiaries	-	-	<b>6,039,946</b>	268
	<b>1,304,960</b>	949,101	<b>6,087,829</b>	268
Less: Allowance for doubtful receivables (advance to suppliers)	-	(129,562)	-	-
	<b>1,304,960</b>	819,539	<b>6,087,829</b>	268

Movements of allowance for doubtful receivables are as follows:

	Group	
	2017 US\$	2016 US\$
At 1 January	<b>129,562</b>	129,562
Write back of allowance made (Note 7)	<b>(129,562)</b>	-
At 31 December	-	129,562

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 17 BORROWING

	Group	
	2017 US\$	2016 US\$
<i>Non-current</i>		
Commercial property loan	<b>942,602</b>	939,237
<i>Current</i>		
Commercial property loan	<b>36,834</b>	25,293
	<b>979,436</b>	964,530

Commercial property loan is repayable over 300 monthly instalments from March 2014 and bears a floating interest rate of 1.10% (2016: 1.10%) per annum over the applicable 3-month Singapore Interbank Offered Rate.

Commercial property loan is secured by the following:

- (i) A first legal mortgage over the Group's freehold property (Note 12);
- (ii) Joint and several guarantee from certain directors of the Company; and
- (iii) Corporate guarantee for S\$2,600,000 executed by the Company.

The Group's 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 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 18 TRADE AND OTHER PAYABLES

	Group		Company	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Trade payables (third parties)	1,726,611	1,579,838	–	–
Accrued expenses	172,915	22,685	78,505	–
Other payables	47,869	6,631	35,643	194
Due to subsidiaries	–	–	2,173,395	102,799
	<b>1,947,395</b>	<b>1,609,154</b>	<b>2,287,543</b>	<b>102,993</b>

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

## 19 AMOUNTS DUE TO DIRECTORS

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

## 20 SHARE CAPITAL

	Group				Company			
	2017 No. of shares	2017 US\$	2016 No. of shares	2016 US\$	2017 No. of shares	2017 US\$	2016 No. of shares	2016 US\$
<b>Group</b>								
At 1 January	2,133,500	307,942	153,502	164,680	70,000	51,723	2	1
Issue of ordinary shares	–	–	1,979,998	143,262	–	–	69,998	51,722
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	<b>200,000,000</b>	<b>7,941,947</b>	<b>2,133,500</b>	<b>307,942</b>	<b>200,000,000</b>	<b>7,941,947</b>	<b>70,000</b>	<b>51,723</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 20 SHARE CAPITAL (CONTINUED)

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.

As at 31 December 2016, the share capital of the Group represent the aggregate paid-up capital of the Company and its subsidiaries.

## 21 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.

## 22 DIVIDENDS PAID BEFORE RESTRUCTURING EXERCISE

	Group	
	2017	2016
	US\$	US\$
<b>Ordinary dividends</b>		
Dividends on ordinary shares:		
<u>LYJ International Pte. Ltd.</u>		
Interim tax-exempt dividend for Nil (2016: US\$3.92) per share	–	395,626
<u>Avalon Worldwide Group Ltd</u>		
Interim tax-exempt dividend for US\$2,000.00 (2016: US\$6,666.70) per share	<b>600,000</b>	2,000,010
<u>Skap Logistics Pte. Ltd.</u>		
2016 Interim tax-exempt dividend for Nil (2016: US\$0.73) per share	–	36,483
	<b>600,000</b>	<b>2,432,119</b>

The dividends have been declared by the respective subsidiaries to their original shareholders before Restructuring Exercise. The dividend per share is calculated based on the number of ordinary shares of the respective subsidiaries in issue as at date of dividend declaration.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 23 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	
	2017 US\$	2016 US\$
<b>With directors' related companies</b>		
Service rendered	–	44,657
Purchases	–	(707,936)
Storage services	–	21,890
	<u>–</u>	<u>21,890</u>
<b>With directors</b>		
Advances to directors for purchases on behalf of the subsidiaries	–	1,602,945
Dividends paid to	<b>(400,000)</b>	(1,567,636)
Consideration for acquisition of an subsidiary	<b>779</b>	–
	<u>779</u>	<u>–</u>
<b>With related parties</b>		
Dividends paid to	<b>(200,000)</b>	(864,483)
	<u>(200,000)</u>	<u>(864,483)</u>

Directors' related companies comprise companies which are controlled by directors.

Related parties are shareholders of the subsidiaries in the respective years.

- (b) Key management personnel compensation:

	Group	
	2017 US\$	2016 US\$
Directors' remuneration		
– Salaries	<b>335,456</b>	262,678
– Defined contribution plans	<b>17,805</b>	17,862
	<u><b>353,261</b></u>	<u>280,540</u>
Key management personnel's remuneration (non-directors)		
– Salaries	<b>143,356</b>	150,091
– Defined contribution plans	<b>21,217</b>	20,145
	<u><b>164,573</b></u>	<u>170,236</u>
	<u><b>517,834</b></u>	<u>450,776</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 24 LEASE COMMITMENTS

The Group leases 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 and digital marketing contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group	
	2017 US\$	2016 US\$
Not later than one financial year	101,070	76,226
Later than one financial year but not later than five financial years	–	41,443
	<b>101,070</b>	<b>117,669</b>

## 25 FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

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

	Group		Company	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
<i>Financial assets</i>				
Trade and other receivables	843,974	654,764	6,087,829	268
Cash and bank balances	882,608	937,535	429,399	45,868
Loans and receivables	<b>1,726,582</b>	1,592,299	<b>6,517,228</b>	46,136
<i>Financial liabilities</i>				
Trade and other payables	1,947,395	1,609,154	2,287,543	102,993
Borrowing	979,436	964,530	–	–
Amounts due to directors	–	307,821	–	–
At amortised cost	<b>2,926,831</b>	2,881,505	<b>2,287,543</b>	102,993

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 25 FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

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.

#### *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:

	<b>Group US\$</b>	<b>Company US\$</b>
<b>2017</b>		
<i>Financial assets</i>		
Trade and other receivables	<b>70,463</b>	–
Cash and bank balances	<b>462,077</b>	<b>422,938</b>
	<b>532,540</b>	<b>422,938</b>
<i>Financial liabilities</i>		
Trade and other payables	<b>246,613</b>	<b>78,505</b>
Borrowing	<b>979,436</b>	–
	<b>1,226,049</b>	<b>78,505</b>
SGD currency exposure on net financial (liabilities)/assets	<b>(693,509)</b>	<b>344,433</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 25 FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### *Foreign currency risk* (Continued)

	<b>Group US\$</b>	<b>Company US\$</b>
<b>2016</b>		
<i>Financial assets</i>		
Trade and other receivables	2,259	–
Cash and bank balances	145,656	45,868
	<u>147,915</u>	<u>45,868</u>
<i>Financial liabilities</i>		
Trade and other payables	7,630	210
Amounts due to directors	17,794	–
Borrowing	964,530	–
	<u>989,954</u>	<u>210</u>
SGD currency exposure on net financial (liabilities)/assets	<u>(842,039)</u>	<u>45,658</u>

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)/profit after tax:

	<b>Group</b>		<b>Company</b>	
	<b>Increase/(decrease)</b>		<b>Increase/(decrease)</b>	
	<b>in (loss)/profit after tax</b>		<b>in loss after tax</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
SGD/USD				
– strengthened 10%	<b>57,562</b>	(69,858)	<b>(28,588)</b>	(3,790)
– weakened 10%	<b>(57,562)</b>	69,858	<b>28,588</b>	3,790

#### *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 borrowing. Borrowing at variable rates exposes the Group to cash flow interest rate risk (i.e. the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates) (Note 16). The Group does not use derivatives to hedge its interest rate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 25 FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### *Interest rate risk* (Continued)

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. The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by the management.

As at the end of the reporting period, the Group's trade receivables comprise 2 debtors (2016: 1 debtor) that represented approximately 32% (2016: 34%) 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 and are not past due nor impaired as at the end of the reporting period.

As the Group and the Company do 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 amount of US\$979,436 (2016: US\$964,530) relating to corporate guarantee given by the Company to bank for the subsidiary's bank borrowing (Note 17).

#### *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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 25 FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### **Credit risk** (Continued)

##### *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:

	<b>2017</b>	<b>2016</b>
	<b>US\$</b>	<b>US\$</b>
Not past due and not impaired	<b>521,272</b>	350,450
Past due but not impaired	<b>187,904</b>	20,953
	<b>709,176</b>	371,403

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

	<b>2017</b>	<b>2016</b>
	<b>US\$</b>	<b>US\$</b>
Past due < 30 days	<b>139,660</b>	3,447
Past due 30 to 60 days	<b>9,665</b>	7,355
Past due over 60 days	<b>38,579</b>	10,151
	<b>187,904</b>	20,953

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

#### **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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 25 FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### *Liquidity risk* (Continued)

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

	<b>Repayable on demand or within 1 year US\$</b>	<b>Within 2 to 5 years US\$</b>	<b>Over 5 years US\$</b>	<b>Total US\$</b>
<b>Group</b>				
<b>At 31 December 2017</b>				
Trade and other payables	1,947,395	–	–	1,947,395
Borrowing	58,064	232,255	934,678	1,224,997
	<u>2,005,459</u>	<u>232,255</u>	<u>934,678</u>	<u>3,172,392</u>
<b>At 31 December 2016</b>				
Trade and other payables	1,609,154	–	–	1,609,154
Amounts due to directors	307,821	–	–	307,821
Borrowing	73,170	302,402	1,202,468	1,578,040
	<u>1,990,145</u>	<u>302,402</u>	<u>1,202,468</u>	<u>3,495,015</u>
<b>Company</b>				
<b>At 31 December 2017</b>				
Trade and other payables	2,287,543	–	–	2,287,543
<b>At 31 December 2016</b>				
Trade and other payables	102,993	–	–	102,993

## 26 FAIR VALUES OF ASSETS AND LIABILITIES

### (a) Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy have 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).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 26 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

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

The fair value of the leasehold 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 12.

### (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 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 or near the end of the reporting period.

## 27 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 maximize 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 and retained earnings and borrowings and the Group's overall strategy remains unchanged for financial years ended 31 December 2016 and 2017.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2017.

## 28 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 28 SEGMENT INFORMATION (CONTINUED)

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	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$	2017 US\$	2016 US\$	2017 US\$	2016 US\$	2017 US\$	2016 US\$	2017 US\$	2016 US\$
<b>Revenue:</b>												
External customers	13,614,896	11,582,381	13,884	86,921	494,079	437,471	-	-	-	-	14,122,859	12,106,773
Intersegment sales	-	-	752,899	215,847	-	-	-	(752,899)	(752,899)	(215,847)	-	-
Total revenue	13,614,896	11,582,381	766,783	302,768	494,079	437,471	-	(752,899)	(752,899)	(215,847)	14,122,859	12,106,773
<b>Segment profit/(loss):</b>	417,388	1,955,172	7,758	24,783	49,881	97,174	(1,036,614)	(108,565)	-	-	(561,587)	1,968,564
Depreciation	(78,062)	(94,719)	(7,758)	-	(2,119)	(7,509)	-	-	-	-	(87,939)	(102,228)
Amortisation	(36,404)	-	-	-	-	-	-	-	-	-	(36,404)	-
Impairment loss	(180,495)	-	-	-	-	-	-	-	-	-	(180,495)	-
Finance costs	(20,321)	(22,878)	-	-	-	-	-	-	-	-	(20,321)	(22,878)
(Loss)/profit before tax											(886,746)	1,843,458
Income tax expense											(22,005)	(197,554)
(Loss)/profit for the year	1,532,300	5,828,419	828,724	-	815,776	243,570	9,084,236	46,136	(2,457,484)	(204,753)	9,802,505	5,913,372
Segment assets											1,107	-
Unallocated assets											9,803,612	5,913,372
Total assets											1,107	-
Segment assets include:												
Additions to non-current assets	270,033	42,456	-	-	65,389	12,373	-	-	-	-	335,422	54,829
<b>Liabilities</b>												
Segment liabilities	7,130,034	2,937,099	529,652	50,016	92,229	-	2,287,543	102,993	(6,681,588)	(208,603)	2,926,831	2,881,505
Unallocated liabilities											431,039	422,755
Total liabilities											3,357,870	3,304,260

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 28 SEGMENT INFORMATION (CONTINUED)

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 28 SEGMENT INFORMATION (CONTINUED)

### Information about major customers

Revenue of approximately US\$1,398,791 (2016: US\$4,087,433) which amounts to more than 10% of the Group's revenue are derived from 1 (2016: 1) external customer from e-commerce retail and distribution segment.

## 29 SUBSEQUENT EVENTS

On 5 February 2018, the Company announced the proposed placement for allotment and issue of 5,000,000 new ordinary shares of the Company at the issue price of S\$0.24 per share, amounting an aggregate consideration of approximately S\$1.2 million (equivalent to US\$910,000).

On 5 March 2018 and 15 March 2018, the Company incorporated wholly-owned subsidiaries, Luminore 8 Pte. Ltd. and Evermint Pte. Ltd. with registered share capital of S\$1.00 each.

## 30 AUTHORISATION OF COMBINED FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors dated 28 March 2018.

# SHAREHOLDINGS STATISTICS

AS AT 16 MARCH 2018

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

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	18	4.53	10,800	0.01
1,001 – 10,000	176	44.33	1,232,500	0.60
10,001 – 1,000,000	193	48.62	10,598,200	5.17
1,000,001 and above	10	2.52	193,158,500	94.22
	<b>397</b>	<b>100.00</b>	<b>205,000,000</b>	<b>100.00</b>

## Shareholding Held in Hands of Public

As at 16 March 2018, the percentage of shareholdings held in the hands of the public was approximately 16.9% of the issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company 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	34.69
2	RAFFLES NOMINEES (PTE.) LIMITED	35,575,000	17.35
3	LOW YIK SEN	35,557,500	17.35
4	PRISM INVESTMENT VENTURES LIMITED	22,770,000	11.11
5	DBS NOMINEES (PRIVATE) LIMITED	11,085,400	5.41
6	CHIEN CHUNG MING	4,516,600	2.20
7	HSBC (SINGAPORE) NOMINEES PTE LTD	4,378,100	2.14
8	OCBC SECURITIES PRIVATE LIMITED	3,810,900	1.86
9	UOB KAY HIAN PRIVATE LIMITED	3,283,400	1.60
10	MAYBANK KIM ENG SECURITIES PTE LTD	1,066,600	0.52
11	HO HEE TECK GERALD	786,500	0.38
12	KWAN WAI KEONG	730,300	0.36
13	PHILLIP SECURITIES PTE LTD	560,500	0.27
14	KOH KIM LENG COLIN	500,000	0.24
15	CHEAH CHEE SENG MICHAEL	400,000	0.20
16	CITIBANK NOMINEES SINGAPORE PTE LTD	223,400	0.11
17	HONG LEONG FINANCE NOMINEES PTE LTD	200,000	0.10
18	ROBIN YEOH YERN JIN	200,000	0.10
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	182,200	0.09
20	LAU HON CHEE	180,000	0.09
	<b>TOTAL</b>	<b>197,121,400</b>	<b>96.17</b>

\* The percentage of shareholdings is calculated based on the number of issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company as at 16 March 2018.

# SHAREHOLDINGS STATISTICS

AS AT 16 MARCH 2018

## SUBSTANTIAL SHAREHOLDERS

As at 16 March 2018

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	Percentage (%) <sup>(1)</sup>	Number of Shares	Percentage (%) <sup>(1)</sup>
Low Yik Sen <sup>(2)</sup>	35,557,500	17.35	35,557,500	17.35
Low Yik Jin	71,115,000	34.69	–	–
Prism Investment Ventures Limited	22,770,000	11.11	–	–

**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 16 March 2018.

(2) Mr Low Yik Sen is deemed to be interested in the 35,557,500 shares held under a custodian nominee account.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Y Ventures Group Ltd. (the “**Company**”) will be held at Grand Mercure Roxy Hotel, Amber Room, Level 3, 50 East Coast Road, Roxy Square, Singapore 428769 on Tuesday, 24 April 2018 at 3:00 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 2017 together with the Independent Auditors’ Report thereon. | <b>Resolution 1</b> |
| 2. | To re-elect Mr Low Yik Sen as a Director of the Company retiring pursuant to Regulation 117 of the Company’s Constitution.<br><i>[See Explanatory Note (i)]</i>   | <b>Resolution 2</b> |
| 3. | To re-elect Mr Edward Tiong Yung Suh as a Director of the Company retiring pursuant to Regulation 122 of the Company’s Constitution.<br><i>[See Explanatory Note (ii)]</i>  | <b>Resolution 3</b> |
| 4. | To re-elect Ms Wong Sok Mei as a Director of the Company retiring pursuant to Regulation 122 of the Company’s Constitution.<br><i>[See Explanatory Note (iii)]</i>  | <b>Resolution 4</b> |
| 5. | To re-elect Mr Ng Tiong Gee as a Director of the Company retiring pursuant to Regulation 122 of the Company’s Constitution.<br><i>[See Explanatory Note (iv)]</i>   | <b>Resolution 5</b> |
| 6. | To re-elect Mr Tsoon Wai Mun, Benjamin as a Director of the Company retiring pursuant to Regulation 122 of the Company’s Constitution.<br><i>[See Explanatory Note (v)]</i>   | <b>Resolution 6</b> |
| 7. | To approve the payment of Directors’ fees of S\$43,500 for the financial year ended 31 December 2017.   | <b>Resolution 7</b> |
| 8. | 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.   | <b>Resolution 8</b> |
| 9. | 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:

- |     |   |                     |
|-----|---|---------------------|
| 10. | <b>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</b> | <b>Resolution 9</b> |
|-----|---|---------------------|

# NOTICE OF ANNUAL GENERAL MEETING

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

# NOTICE OF ANNUAL GENERAL MEETING

- (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 (vi)]*

By Order of the Board

Wee Woon Hong  
Company Secretary

Singapore  
9 April 2018

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) Mr Low Yik Sen will, upon re-election as a Director of the Company, remain as Executive Chairman and Managing Director of the Company.
- (ii) 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.
- (iii) Ms Wong Sok Mei will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and member of the Nominating and Remuneration Committees, and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.
- (iv) Mr Ng Tiong Gee will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and member of the Audit and Remuneration Committees, and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.
- (v) Mr Tsoon Wai Mun, Benjamin, will, upon re-election as a Director of the Company, remain as member of the Remuneration Committee.
- (vi) The Ordinary Resolution 9 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 who is not a relevant intermediary (as defined below) 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. Intermediaries 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 the member.
- c. The instrument appointing a proxy, duly executed, must be deposited at the Company's Registered Office at 46 East Coast Road, #09-06 Eastgate Commercial Building, Singapore 428766 not less than 72 hours before the time appointed for holding the AGM.
- d. The instrument appointing a proxy 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. A 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.

# 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 Investors") (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 No.)  
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 Grand Mercure Roxy Hotel, Amber Room, Level 3, 50 East Coast Road, Roxy Square, Singapore 428769 on Tuesday, 24 April 2018 at 3:00 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.

All resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Resolutions	For	Against
<b>ORDINARY BUSINESS</b>			
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2017 together with the Independent Auditors' Report thereon		
2.	Re-election of Mr Low Yik Sen as Director		
3.	Re-election of Mr Edward Tiong Yung Suh as Director		
4.	Re-election of Ms Wong Sok Mei as Director		
5.	Re-election of Mr Ng Tiong Gee as Director		
6.	Re-election of Mr Tsoon Wai Mun, Benjamin as Director		
7.	Approval of payment of Directors' Fees of S\$43,500 for the financial year ended 31 December 2017		
8.	Re-appointment of Messrs Baker Tilly TFW LLP as the Independent Auditors and authorise the Directors to fix their remuneration		
<b>SPECIAL BUSINESS</b>			
9.	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 \_\_\_\_\_ 2018

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 such member. 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 46 East Coast Road, #09-06 Eastgate Commercial Building, Singapore 428766 not less than 72 hours before the time appointed for 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 9 April 2018.

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