

CIRCULAR DATED 19 MAY 2019

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of **AYONDO LTD.** (the “**Company**”) (“**Shares**”) held through the Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular together with the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee as CDP will arrange for a separate Circular together with the Notice of Extraordinary General Meeting and the enclosed Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer of Shares was effected, for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular.

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

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



**AYONDO LTD.**

(Incorporated in the Republic of Singapore on 4 October 2017)  
(Company Registration Number: 201728417D)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**PROPOSED DISPOSAL OF 100% OF THE ISSUED SHARES IN THE CAPITAL OF AYONDO  
MARKETS LIMITED**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form :	31 May 2019 at 10.00 a.m.
Date and time of Extraordinary General Meeting :	3 June 2019 at 10.00 a.m.
Place of Extraordinary General Meeting :	10 Anson Road, #29-06 International Plaza, Singapore 079903

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## DEFINITIONS

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

<i>“Act”</i>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<i>“AML”</i>	:	Ayondo Markets Limited, together with Ayondo Markets Limited Sucursal En Espana, a branch of Ayondo Markets Limited in Spain
<i>“Board”</i>	:	The board of directors of the Company as at the Latest Practicable Date
<i>“Business Day”</i>	:	A day (other than Saturday, Sunday or public holiday) on which banks are open for business in Singapore, the City of London and The Netherlands
<i>“Catalist Rules”</i>	:	Any or all of the rules in Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended or modified from time to time
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“CEO”</i>	:	Chief Executive Officer
<i>“CFD”</i>	:	Contract for difference, a cash-settled investment in products that are based on currencies, commodities, treasuries, indices and shares
<i>“Circular”</i>	:	This circular to Shareholders dated 19 May 2019 in respect of the Proposed Disposal
<i>“Company”</i>	:	ayondo Ltd.
<i>“Completion”</i>	:	The completion of the Proposed Disposal
<i>“Control”</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>“Controlling Shareholder”</i>	:	A person who:  (a) holds directly or indirectly 15% or more of the issued share capital of the Company; or  (b) in fact exercises Control over the Company
<i>“Directors”</i>	:	The directors of the Company as at the Latest Practicable Date
<i>“EGM”</i>	:	Extraordinary General Meeting
<i>“ESMA”</i>	:	European Securities and Markets Authority

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## DEFINITIONS

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<i>“EPS”</i>	:	Earnings per Share
<i>“FCA”</i>	:	Financial Conduct Authority of the United Kingdom
<i>“FY”</i>	:	Financial years ended or ending 31 December (as the case may be)
<i>“FY2018 Results”</i>	:	The Group’s unaudited financial statements for the financial year ended 31 December 2018
<i>“GDPR”</i>	:	General Data Protection Regulation
<i>“Group”</i>	:	The Company and its Subsidiaries as at the date of this Circular
<i>“IPO”</i>	:	The initial public offering of the Company
<i>“Latest Practicable Date”</i>	:	13 May 2019, being the latest practicable date prior to the printing of this Circular
<i>“Long Stop Date”</i>	:	11.59 p.m. on the date falling six months from the date of the SPA or such other time and date as Sycap and the Purchaser may from time to time agree in writing
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Document”</i>	:	The Company’s offer document dated 15 March 2018
<i>“Proposed Disposal”</i>	:	The disposal by Sycap, an indirect subsidiary of the Company, of the Sale Shares to the Purchaser pursuant to the terms and conditions of the SPA
<i>“Purchaser”</i>	:	BUX Holding B.V.
<i>“Receivables Balance”</i>	:	The sum of £5,700,000, being an amount owing to AML (including all interest accrued and any other amounts payable in connection with the repayment of such indebtedness) from the remaining entities of the Group
<i>“Sale Consideration”</i>	:	The aggregate sum of £5,700,001, being the aggregate consideration payable for the Proposed Disposal
<i>“Sale Shares”</i>	:	18,267,244 ordinary shares in the capital of AML, being Sycap’s entire 100% shareholding interest in AML
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time

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## DEFINITIONS

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“SGX Regco”	:	Singapore Exchange Regulation
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share(s)”	:	Ordinary share(s) in the share capital of the Company
“Shareholders”	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
“SPA”	:	The sale and purchase agreement dated 7 May 2019 entered into between the Company, Sycap and the Purchaser in relation to the Proposed Disposal
“Spread Bet”	:	Offered exclusively in the UK and Ireland, as typically, profits from spread betting are free from capital gains tax and stamp duty in these jurisdictions. Spread betting shares many of the same characteristics and benefits as CFD with one important difference, namely in spread bet, clients bet a specific stake size per point movement of a product rather than trading a specific number of shares or units
“Substantial Shareholders”	:	A person (including a corporation) who holds directly or indirectly 5% or more of the issued capital in the Company
“Sycap”	:	Sycap Group (UK) Limited
“UK”	:	United Kingdom
“730K investment firm”	:	A full-scope IFPRU investment firm that is regulated by the FCA, which is required to comply with the initial capital requirements of €730,000

### Currencies, Units and Others

“CHF”	:	Swiss Franc, being the lawful currency of the Swiss Confederation
“SGD”, “S\$”, “\$” or “cents”	:	Singapore dollars and cents, respectively
“£” or “GBP”	:	British Pounds Sterling, being the lawful currency of the UK
“%” or “per cent”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA. The term “**Subsidiary**” shall have the same meaning ascribed to it in Section 5 of the Companies Act.

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## DEFINITIONS

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Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Act, the SFA, the Catalist Rules or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in this Circular between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

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## LETTER TO SHAREHOLDERS

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### AYONDO LTD.

(Incorporated in the Republic of Singapore on 4 October 2017)  
(Company Registration Number: 201728417D)

#### Board of Directors

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

#### Registered Office

20 Collyer Quay  
#01-02  
Singapore 049319

19 May 2019

To: The Shareholders of the Company

Dear Sir/Madam

### PROPOSED DISPOSAL OF 100% OF THE ISSUED SHARES IN THE CAPITAL OF AYONDO MARKETS LIMITED

#### 1. INTRODUCTION

##### 1.1 Background

On 8 May 2019, the Company announced that the Company had on 7 May 2019 entered into a sale and purchase agreement (the “SPA”) with Sycap Group (UK) Limited (“Sycap”), a 99.91%-owned indirect subsidiary of the Company, and BUX Holding B.V. (the “Purchaser”) for the sale of all the issued shares in the capital of ayondo Markets Limited (“AML”) to the Purchaser, for an aggregate consideration of £5,700,001.

The Company owns 99.97% of a Swiss-incorporated entity, ayondo Holding AG (“AHAG”) which in turns hold 99.91% of an English-incorporated entity, Sycap which in turns wholly owns AML. The Proposed Disposal will result in AML ceasing to be an indirect subsidiary of the Company.

##### 1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Disposal and to seek Shareholders’ approval for the Proposed Disposal at the forthcoming EGM. The notice of EGM is set out on pages 31 to 32 of this Circular.

#### 2. INFORMATION ON AML AND THE PURCHASER

##### 2.1 AML

AML is incorporated in the UK and carries on activities which are regulated by the FCA as a 730K investment firm, and such activities include dealing in CFDs as a principal and Spread Betting.

AML has a branch in Spain under the registered name of Ayondo Markets Limited Sucursal en España (“ayondo Spain”), which was set up on 9 May 2016, to support the promotion of the Group’s services in Spain. ayondo Spain has the status of a Spanish branch of AML, and has no distinct corporate personality. Following the Proposed Disposal, the Group will also cease to have any interests in ayondo Spain.

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## LETTER TO SHAREHOLDERS

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### 2.2 The Purchaser

The Purchaser is a company incorporated in the Netherlands. The shareholders of the Purchaser consist of 4 funds holding in aggregate 49.47%, a limited company owned by Nick Bortot (the chief executive officer and founder of BUX) holding 24.65% and minority shareholders holding an aggregate of 25.88%.

The Purchaser is one of the white label partners of the Group and is a major business-to-business (“**B2B**”) partner of the Group. The percentages of the Group’s trading revenue by the clients introduced by the Purchaser (the “**Purchaser’s Introduced Clients**”) for the financial year ended 31 December 2017 (“**FY2017**”) and the financial year ended 31 December 2018 (“**FY2018**”) are approximately 36.5% and 53.2% respectively.

The Purchaser offers a trading application for smartphones that simplifies trading of instruments in financial markets for social and casual usage. Under the tied agent arrangement, the Group is the direct contracting counterparty of the Purchaser’s Introduced Clients. The Group on-boards all the clients from the Purchaser’s platform and performs anti-money laundering, client verification and appropriateness and suitability test as required under the relevant FCA regulations. Trade execution is performed by AML in compliance with the relevant FCA regulations. The Group earns commission and financing income on such transactions.

The Purchaser has confirmed that the directors and/or substantial shareholders of the Purchaser are not related to the Directors and/or substantial Shareholders of the Company. The directors and/or substantial shareholders of (a) the Company, (b) AHAG, (c) Sycap and (d) AML confirmed that they are not related to the directors and/or substantial shareholders of the Purchaser.

### 3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

#### 3.1 Sale Consideration

The Sale Consideration for the sale of the Sale Shares is £5,700,001, which is comprised as follows:

- (i) £1 (one pound) in cash; and
- (ii) a cash amount of £5,700,000, being an amount owing to AML (including all interest accrued and any other amounts payable in connection with the repayment of such indebtedness) from the remaining entities of the Group (the “**Receivables Balance**”) which is agreed to be applied to discharge the amounts owed by the relevant remaining entities of the Group. Please refer to the table in Section 3.3 below on the respective inter-company indebtedness owing to AML.

After the Purchaser, the Company and Sycap agreed on the Sale Consideration above, there were adjustments to the financial position of AML due to the withdrawal of client bonuses (which were previously granted to clients of AML as a form of incentive to open accounts) in the financial year ended 31 December 2018 (“**FY2018**”). These adjustments have been taken into account in the FY2018 Results. Due to the said withdrawal of client bonuses and the poor performance of AML in January and February 2019, which together aggregated to an adjustment of further loss as at 28 February 2019 of £1.8 million, the Group and the Purchaser have agreed to share this further loss of £1.8 million equally. In this regard, the Company will on Completion enter into a white label agreement (“**WLA**”) with AML, which will take effect upon Completion, and allows AML to withhold up to £900,000 from the rebates payable to the Group as full settlement of the Group’s share of the further loss and the amount in excess of the Receivables Balance.



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## LETTER TO SHAREHOLDERS

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The Sale Consideration was arrived at on a willing buyer and willing seller basis between the Company, Sycap and the Purchaser and on the basis of the Receivables Balance referred to in Section 3.1(ii) above. The parties also took into account, *inter alia*, the net liabilities position of AML and an independent valuation of AML as at 31 December 2018 prepared by KPMG LLP in the UK (“KPMG”) on 6 March 2019 which concluded that the 100% equity value of AML was negative. For details, please refer to the valuation summary letter from KPMG as appended in Appendix A of this Circular.

### 3.2 Conditions Precedent

Completion is conditional upon the fulfilment of, *inter alia*, the following conditions precedent:

- (i) the approval of the Shareholders for the Proposed Disposal being obtained at an EGM;
- (ii) the announcement by the Company of the Group’s audited financial statements and annual report for the financial year ended 31 December 2018 via SGXNET prior to the EGM. The Company is targeting to announce its audited financial statements and annual report for FY2018 one week before the EGM. Should the annual report not be ready, the Company will announce the audited financial statements one week before the EGM;
- (iii) there being no material adverse change prior to Completion which has not been waived. A material adverse change means occurrence of any of the following matters:
  - (a) any investigation or enforcement action being undertaken by or at the request of the FCA against, or into any affairs or conduct of, AML;
  - (b) any steps taken by the FCA to cancel, suspend, vary or impose any requirement or limitation in respect of, or which indicate a material prospect or possibility that the FCA is reasonably likely to cancel, suspend, vary, or impose any requirement or limitation in respect of, (i) the authorisation given to AML; or (ii) AML’s ability to hold or control client money other than, in each case, as a result of any change in laws or regulations;
  - (c) any other matter or circumstance which has or is reasonably likely to have a negative monetary impact exceeding £500,000 on the business, operations, assets, financial position, or profits of AML, excluding in each case, any event, circumstance or change to the extent resulting from:
    - (i) the UK’s withdrawal from the European Union pursuant to Article 50 of the Treaty on European Union (2007);
    - (ii) changes in stock markets, interest rates, exchange rates, commodity prices or other general economic conditions;
    - (iii) changes in conditions generally affecting the business of CFD and stock broking in the UK and/or the European Union; or
    - (iv) changes in laws, regulations or accounting standards or practices or the enforcement or interpretation thereof; and
  - (d) any material suit, investigation, action or other proceeding or claim (including any application for an injunction or other equitable remedy) existing, pending or threatened in writing against Sycap, AML or the Purchaser before any court or governmental agency which has resulted in

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## LETTER TO SHAREHOLDERS

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or specifically requires the restraint or prohibition of the consummation of the acquisition by the Purchaser of AML, as contemplated by the SPA; and

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

### 3.3 Completion

Completion shall take place on the fourth Business Day following the date on which the last of the conditions precedent in the SPA has been satisfied, where:

- (i) Sycap shall direct the Purchaser to immediately apply the amount of the Receivables Balance specified in Section 3.1(ii) of this Circular, on behalf of and in discharge of the amounts owed by the relevant remaining entities of the Group to AML as follows:

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## LETTER TO SHAREHOLDERS

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Member of the Group	Outstanding balances owing to AML as at 31 December 2018	Outstanding balances owing to AML as at 30 April 2019	Amount to be discharged against the amount owed to AML
The Company	£944,409.44	£944,409.44	£776,655.03
Ayondo Holding AG	£2,154,001.30	£2,160,684.86	£2,145,541.45
Ayondo GmbH	£2,105,045.74	£2,055,101.35	£2,105,045.74
Ayondo Asia Pte. Ltd.	£672,757.78	£747,318.09	£672,757.78
<b>Total</b>	<b>£5,876,214.26</b>	<b>£5,907,513.74</b>	<b>£5,700,000</b>

- (ii) the Sale Shares will be transferred to the Purchaser free from any encumbrances, together with all accrued benefits and rights attached to them at Completion including, in particular, the right to receive all dividends and distributions declared, made or paid on or after Completion.

### 3.4 Other Material Terms

- (i) In relation to the approval of the Shareholders for the Proposed Disposal, the Company shall, amongst others:
- (a) submit the Circular to the Company's sponsor for approval in accordance with the applicable law and regulation within five Business Days of the date of the SPA;
  - (b) obtain explicit confirmation from the FCA in relation to the compliance by AML with its Core Equity Tier 1 ("CET1") requirements or otherwise, disclose in the Circular details of the efforts expended by the Company to obtain clarification from the FCA in relation to the compliance by AML with its CET1 requirements and the amount of shortfall in regulatory capital requirements;
  - (c) should the Company or AML be unable to obtain such confirmations from the FCA, deliver to the SGX-ST as soon as reasonably practicable details of the efforts expended by the Company to obtain clarification from the FCA in relation to compliance by AML prior to the date of the SPA with its CET1 Requirements. The Company and/or AML must also quantify the shortfall in regulatory capital based on (i) its existing computation and (ii) KPMG's suggested accounting treatment; and
  - (d) following the date of the SPA, promptly announce its audited financial statements and annual report via SGXNET and such announcement shall (notwithstanding the foregoing) be made in good time prior to the EGM. For the avoidance of doubt, should the audited financial statements be available before the despatch of the Circular, the audited financial statements shall be included into the Circular.
- (ii) The Purchaser shall be entitled to terminate the SPA at any time between the date of the SPA and up to and including the Long Stop Date (as defined in the SPA) (or if the Purchaser has elected to extend the Long Stop date in accordance with the SPA) if, amongst others:
- (a) there is any breach of the undertakings by Sycap and/or AML relating to the carrying on of AML's business in the ordinary and usual course;
  - (b) there is any breach of fundamental warranties relating to the capacity and authority of Sycap to dispose the entire issued shares of AML and that Sycap holds the entire issued shares of AML free from encumbrances;

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- (c) any facts, circumstances or issues arise in connection with or arising from the investigation into any of a certain employee's complaints which (following consultation with Sycap and the Company) in the reasonable opinion of the Purchaser are detrimental to AML;
  - (d) (i) the authorisation by the Spanish National Securities Market Commission has not been granted to AML and (ii) the UK withdraws from the European Union pursuant to Article 50 of the Treaty on European Union (2007) without having ratified the draft Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (as endorsed at the special meeting of the European Council on 25 November 2018); or
  - (e) the approval from the shareholders of the Company is not obtained by 21 May 2019 or such other date as the parties may agree in writing.
- (iii) The Company undertakes to the Purchaser (and each member of its group including AML following Completion) that it shall not either directly or indirectly in any capacity in European Union and UK:
- (a) during the 24 months following Completion, canvass or solicit any person who has been a customer of AML (save for the social trading business) at any time during 12 months period before Completion;
  - (b) during the 24 months following Completion, deal with any person who has been a customer of AML (save for the social trading business) at any time during 12 months period before Completion;
  - (c) during the 24 months following Completion, induce or solicit any person who was an employee of AML as at Completion who are likely in the opinion of the Purchaser to come into possession of confidential information during the course of their employment with AML or who have had material dealings with customers of AML in the course of such employment; and
  - (d) during the 24 months following Completion do or say anything which may cause a customer or supplier to cease to deal with AML or to deal with it on less advantageous terms.
- (iv) The Purchaser undertakes to Sycap that it shall not either directly or indirectly in any capacity, during the 24 months following Completion induce, solicit or seek to induce away any employee of the Group, provided always that an advert placed as part of a general recruitment campaign shall not be deemed to be solicitation or inducement.
- (v) Sycap warrants and undertakes to the Purchaser that it shall pay on demand to the Purchaser the equivalent amount to such payments, including payments of dividends, payments made for future benefits, and waivers, discount, deferral of any amount owing to AML by the Company or any other subsidiaries of the Group, made by AML to the Group from 1 January 2019 until the date of Completion save for certain permitted payments ("**Leakage Claims**") provided always that all Leakage Claims must be made within 6 months from the date of Completion and aggregate liability for all Leakage Claims shall not exceed £3,000,000.

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## LETTER TO SHAREHOLDERS

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- (vi) The Company also irrevocably and unconditionally:
- (a) guarantees to the Purchaser the full, prompt and complete performance by Sycap of all its obligations to procure Completion; and
  - (b) undertakes to the Purchaser that whenever Sycap does not pay any amount when due under or in connection with the Leakage Claims or any breach of the fundamental warranties provided in the SPA, it shall indemnify and immediately on demand pay that amount to the person entitled to the payment as if it were the principal obligor provided that the amount of any such cost, loss or liability shall be equal to the amount which the Purchaser would otherwise have been entitled to recover from Sycap or the Company.

#### 4. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

As set out in the Offer Document, the Group has been loss-making and had net losses of CHF1.4 million, CHF12.0 million and CHF10.4 million respectively for the financial years ended 31 December 2014 (“FY2014”), 31 December 2015 (“FY2015”) and 31 December 2016 (“FY2016”), and also had a negative operating cash flow of CHF7.4 million, CHF1.8 million and CHF5.5 million respectively for FY2014, FY2015 and FY2016. The Directors’ opinion that the Group has sufficient working capital and resources for at least 12 months after the admission of the Company to Catalist, took into account the proceeds arising from the IPO, and the profit and loss, balance sheet and cash flow forecasts for FY2017 and FY2018, which were prepared on assumptions including that there will be no material changes in the existing political, legal, fiscal, economic or regulatory conditions affecting the Group or the CFD industry. Please refer to the section entitled “Risk Factors” of the Offer Document for more details on factors which may affect the Group’s business operations, revenue and overall financial performance.

The financial performance of the Group in FY2018, in particular, during the second half of 2018, was negatively impacted by various factors, including (i) regulatory changes relating to product intervention imposed by the European and UK regulators (including ESMA) in 2018, (ii) unfavourable trading conditions in the Group’s core CFD markets, particularly during the second quarter period ended 30 June 2018 (“Q22018”) and the third quarter period ended 30 September 2018 (“Q32018”), and (iii) the Group’s reduced marketing expenditure. Some of these factors and their effects were not anticipated prior to the IPO and were not taken into account at that time. The Group was facing and continues to face working capital deficiency due to continued losses.

##### **Low Volatility and Reduced Marketing Spend**

The Group had observed that following the IPO in March 2018, there was a declining implied volatility in the CFD markets since April 2018, particularly between January 2019 and March 2019. When the volatility improved in certain months during the last quarter of 2018, the Group was not able to capitalise on this volatility due to a tighter regulatory capital position as a result of the Group’s declining cash situation. In connection with the Group’s declining cash situation, the marketing spend was reduced significantly as part of the Group’s cost-cutting efforts which had an adverse impact on client acquisition. Lower marketing expenditure meant that the Group could not replace trading clients following large drawdowns.

A decline can be seen below in the comparison of the quarter on quarter trading revenue and average revenue per active client for Q1 to Q4 of 2017 versus the corresponding periods in 2018 based on International Financial Reporting Standards (“IFRS”):

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## LETTER TO SHAREHOLDERS

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Financial Periods	Trading Revenue (CHF'000)			Average Revenue per Active Client (CHF)		Net Losses <sup>(1)</sup> (CHF'000)	
	2018	2017	Variance (%)	2018	2017	2018	2017
Q1	7,293	4,343	68	239	194	(1,214)	(2,320)
Q2	4,685	5,147	(9)	193	226	(3,782)	(1,039)
Q3	3,997	5,171	(23)	158	204	(1,722)	(1,205)
Q4 <sup>(2)</sup>	4,826	6,094	(21)	197	174	(2,853) <sup>(3)</sup>	(3,044)

**Notes:**

(1) Excluding IPO costs and costs of financing debts

(2) This is based on the period from 1 October 2018 to 31 December 2018. The information in the FY2018 Results was based on the full year period from 1 January 2018 to 31 December 2018.

(3) This excludes the impairment of CHF37.1 million

In addition, the Group faced large drawdowns by clients in the fourth quarter period ended 31 December 2018 (“**Q42018**”) due to losses suffered by the clients and this was followed by reluctance of existing clients to continue trading.

### Unfavourable Trading Conditions

The unfavourable trading conditions were due mainly to tightening measures implemented by European and UK regulators including the ESMA in August and December 2018. These measures mainly relate to limiting leverage of CFD products, introducing negative balance protection, closing customer positions if their funds fall to 50% of margin, a ban on firms offering inducements to encourage trading, standard risk warnings about retail investor losses clearly displayed on all websites and the banning of binary options.

The measures hit the Group harder than expected even though the Group had already operated in compliance with most of the new restrictions, such as (i) having in place negative balance protection for years, (ii) providing prudent leverage caps as compared to its competitors and (iii) having never offered binary products. The measures that have the most significant impact on the Group’s trading volumes was the ban on firms offering inducements to encourage trading and the limitations of leverages of CFD products which were implemented by the Group from 1 August 2018. The Group used to offer client bonuses prior to 1 August 2018 in order to incentivise new clients to open accounts and the limitation of leverages of CFD products have correspondingly reduced the notional trade size executed by clients. The table below sets out AML’s average notional trade size per client on a monthly basis from January 2018 to December 2018 illustrating the declining average notional trade size per client particularly during the second half of FY2018 due to the limitations which were implemented on 1 August 2018 and lower marketing spend.

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## LETTER TO SHAREHOLDERS

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	Average Notional Trade Size Per Client (CHF)
January 2018	7,961
February 2018	9,871
March 2018	10,354
April 2018	12,439
May 2018	8,961
June 2018	8,999
July 2018	9,402
August 2018	5,366
September 2018	8,012
October 2018	7,645
November 2018	7,493
December 2018	7,261

Since then, volumes of traded CFD's have declined significantly across the market as a whole. Please refer to the chart showing the market volatility vis-à-vis AML's trading revenue in Section 5 of this Circular.

The present difficult environment facing the European CFD market can be seen in the following:

- CMC Markets PLC, one of the leading CFD brokers in the UK, had on 22 November 2018 announced a net profit decline of 76% for the half year period ended 30 September 2018 which it attributed the regulatory tightening measures as a reason<sup>1</sup>
- Listed CFD companies in the UK have been issuing profit warnings. Plus 500 PLC, one of the several CFD companies listed in the UK issuing profit warnings, had on 12 February 2019 cited in Reuters the new regulatory measures as the reason and reported that its active clients had more than halved in the last quarter of 2018. The market capitalisation of Plus 500 PLC fell by a third immediately following this announcement.<sup>2</sup>
- A representative of Saxo Capital Markets, as reported in LeapRate.com on 11 March 2019, indicated that the CFD industry will undergo major consolidation.<sup>3</sup>

Taking into consideration the above, the Board believes that the impact of the regulatory changes has surprised industry players and the Board is of the view that the prospects for the European CFD market will not improve in the short term. In addition, the ongoing developments around Brexit add to uncertainties in the industry.

### Underperformance of Business Initiatives

The financial performance of the Group in FY2018 was also negatively affected by certain business initiatives by the Group, namely the Group's collaboration with its B2B partners such as KGI and TradeHero etc. which did not perform as expected mainly due to the CFD market

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<sup>1</sup> Source: Information extracted from CMC website found at: <https://assets.cmcmarkets.com/pdfs/CMC-Markets-H1-FY19-RNS-Results-Announcement.pdf>

<sup>2</sup> Source: Information extracted from a news article entitled "Update 1 – online trading platform Plus500 slumps on profit warning" published on Reuters' website found at <https://www.reuters.com/article/plus500-results/update-2-online-trading-platform-plus500-slumps-on-profit-warning-idUJL3N2072F2>

<sup>3</sup> Source: Information extracted from a news article entitled "Saxo Capital Markets CEO comments on the impact of ESMA rules on responsible leverage" published on Leaprate.com found at <https://www.leaprate.com/financial-services/rules-and-regulation/saxo-bank-ceo-comments-on-the-impact-of-esma-rules-on-responsible-leverage/>

The Company has not sought consent from each of the above organisations or corporations (as the case may be) for the inclusion of the above information in this Circular. While our Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they, nor any party, have not independently verified the accuracy of the relevant information.

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volatility in Singapore market, the lack of breadth of products suitable for CFD and lower marketing spend. Hence the Group fell short of expected revenues and did not receive the returns on investments on these initiatives. Other business initiatives including the Group's collaboration with Huanying International Limited ("**Huanying**") and Phnom Penh Derivative Exchange Plc ("**PPDE**") have also taken longer to materialise than originally expected. These collaborations are still in progress despite the delay due to the complications regarding the collaboration model and IT delivery following the request by Huanying for change in the model and the prolonged testing of the IT by PPDE. The costs for these collaborations thus far are not significant.

### **Impairment of Inter-Company Balances**

As reviewed and agreed between the Board and the auditors of both AML and the Group, the poor financial performance of the Group resulted in the impairment of the Inter-Company Balances (as defined in Section 6 of this Circular) which in turn would significantly reduce AML's capital assets leading to a breach of the CET1 ratio. Please refer to Section 6 of this Circular for more information on the CET1.

### **High Operating Costs and Regulatory Capital Compliance Issues**

Further, AML's business carries high operating costs and is heavily regulated. AML faces regulatory capital breach and requires immediate funding to comply with the CET1 ratio requirement (as further elaborated in Section 6 of this Circular). The Group is not able to fund these costs in the immediate term due to its current financial position (as can be seen from the announcement of the FY2018 Results released on 2 May 2019). The Proposed Disposal will significantly reduce the Group's cost base and regulatory capital requirements. The Proposed Disposal will also remove volatility to earnings caused by reliance on brokerage income and exposure to market risk and allow the Group to focus on developing its social trading products, and further develop its strategy of increasing market share in Asia, in collaboration with the Purchaser and other strategic B2B partners. In this connection, both the Purchaser and the Group will enter into mutually beneficial commercial arrangements.

## **5. THE GROUP'S DEVELOPMENTS SINCE THE COMPANY'S IPO AND THE GROUP'S BUSINESS FOLLOWING THE PROPOSED DISPOSAL**

The Group is a global financial technology group that provides social trading services and brokerage services to retail and institutional clients through platforms, namely WeTrade for social trading and TradeHub for self-directed trading. The Group offers CFD and Spread Bet trading across different markets and financial products and also offers educational and casual trading via mobile applications through the Group's partners.

Following the Company's listing on the Catalist on 26 March 2018, the Group's business performance for FY2018 was as follows:

- (i) for the first quarter ended 31 March 2018, the CFD market volatility was heightened and the Group saw an increase of 36% in the number of active clients as compared to the first quarter ended 31 March 2017;
- (ii) for Q22018, the CFD market volatility had dropped resulting in lower market trading volumes despite the increase of 6% in the number of active clients;
- (iii) for Q32018, the Group experienced a change of management particularly the change of chief financial officer and the re-designation of the Company's Executive Chairman to Non-Executive Chairman. Due to the Group's financial performance in Q22018, the Company announced on 14 August 2018 a change of use in IPO proceeds and there was a re-allocation of part of the IPO proceeds from platform enhancement spend



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## LETTER TO SHAREHOLDERS

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and marketing spend to general working capital. It was also announced that all the IPO proceeds were fully utilised as set out below:

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

**Note:**

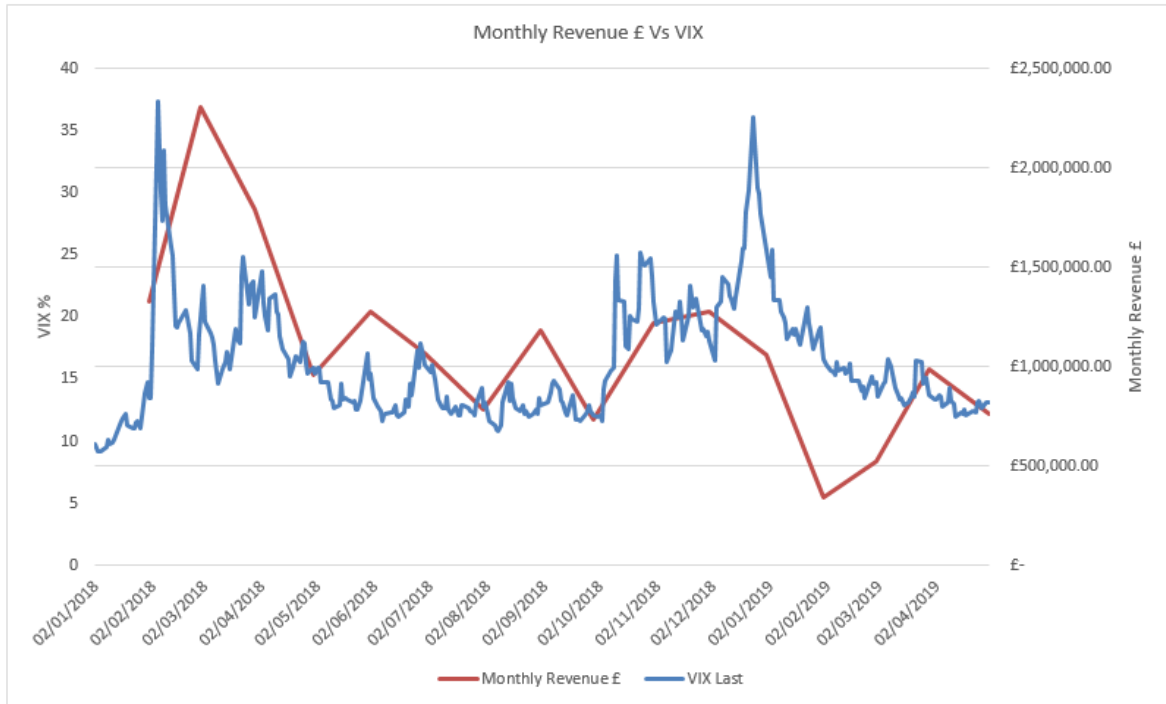
- (1) For payment of normal operational expenses (staff expenses, legal and professional costs and other operating expenses) in light of the shortfall in revenues.
- (iv) following the implementation of the tightening measures by the European and UK regulators (as elaborated in Section 4 of this Circular), the Group incurred estimated aggregate costs of £440,000 (approximately CHF554,400 based on the exchange rate of £1: CHF 1.26) for compliance purposes which included (a) £65,000 arising from the additional transaction reporting requirements under MiFID2; (b) £200,000 arising from the implementation of system pursuant to the Consumer Rights (Payment Surcharges) Regulations; (c) £50,000 arising from IT enhancement work to enable the trading desk to allocate hedging venues to individually entered hedge trades; and (d) £125,000 arising from the significant IT work to ensure compliance with ESMA and GDPR;
- (v) as a result of the poor financial performance up to Q32018, the Group implemented cost-cutting measures including voluntary pay cuts by the executive officers including the former Executive Director and CEO and reduced marketing expenditures. Consequent to the lower marketing expenditure, the trading volume and number of new and/or active clients also decreased, resulting in the Group's inability to replace trading clients following large drawdowns. The Group had considered various funding options including private placement to a third party investor and rights issue which were unsuccessful;
- (vi) for Q42018, the Group saw an increase in the CFD market volatility but the Group was not able to capitalise on this volatility due to a tighter regulatory capital position as a result of the Group's declining cash situation. Further, AML experienced two large drawdowns followed by the reluctance by clients to continue trading and the European CFD industry began to report adverse impact of the tightening measures in Q42018. It is expected that the adverse impact will continue to affect the industry in 2019; and
- (vii) for FY2018, there was a significant drop in the prices of cryptocurrencies that resulted in loss of cash and net loss to the Group and in addition, there was also adverse movement in the exchange rates of GBP vs CHF that led to unfavourable exchange loss to the Group.

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The chart below shows the CFD market volatility for the periods from January 2018 up to April 2019 vis-à-vis AML's trading revenue for the same period.



Please refer to Section 4 of this Circular for the comparison of the quarter on quarter trading revenue and average revenue per active client for FY2017 and FY2018.

As a result of the continued losses as explained above, the Group faced and continues to face working capital deficiency. The Group had a negative working capital prior to the IPO, and following the IPO in March 2018, the Group's working capital went into the negative after July 2018 following the poor financial performance as set out above. It was clear to the Group that there was a significant working capital deficiency in Q42018 following the further decline in the financial performance and since then, the Company had sought funding options including private placement to a third party investor and rights issue which were unsuccessful. Further, certain business initiatives by the Group, namely the Group's collaboration with its B2B partners such as KGI, TradeHero, etc. did not perform as expected and the Group did not receive the returns on investments on these initiatives. Due to these material business uncertainties, the Board, with concurrence from its auditors, assessed it was necessary to impair the goodwill and capitalised software development costs in Q42018. Further, due to lack of funds, the investment in MyHero has not taken off and was therefore also impaired in Q42018.

### Business going forward

With the Proposed Disposal, the Group will primarily focus on its social trading business, while continuing to develop B2B business with existing and new Asia based partners. The Group intends to strengthen its financial base and the current European B2C-Social Trading-business with fresh funding from or procured by Golden Nugget Jinzhan Limited ("iMaibo") (please see below for more information).

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

Due to the regulatory changes in Europe as highlighted above, social trading is becoming more compelling to industry providers who are looking for ways to differentiate and also undertake higher margin business. There is also increased interest in social trading in Asia from onshore and offshore providers whom the Group has already been in direct discussions with, and as shown in the strategic alliance with iMaibo, there is real interest. The Group’s historic social trading platform WeTrade will be supplemented by the launch of its next generation software Tradestac, and the management of the Company has noted that interest has been expressed from B2B partners who are awaiting its launch.

As mentioned above, the Group is developing and enhancing its social trading platform from the historic platform WeTrade to the next generation software, Tradestac. Tradestac will have to the following features:

- (i) Support multibrokerage: capable of connecting traders and followers from different brokers;
- (ii) Flexibility: capable of connecting any protocol to interact with brokers and supporting individual broker-specific implementations of processes, rules and behaviour;
- (iii) Scalability: scalable by adding new hardware or resources assisted by an in-house message router for better message routing; and
- (iv) Ease of use: enables the managing and monitoring of all broker accounts via one Tradestac account.

The Group would offer various collaboration models to its clients, namely direct connection to the Tradestac platform for business-to-customer clients, white label arrangement whereby B2B partners could customise the Tradestac platform to incorporate the brand of the partner and licensing arrangement pursuant to which the Tradestac software would be licensed to the clients who are then able to build their own trader and follower community.

In addition, through the Group’s strategic alliance with iMaibo, the Group intends to grow its social trading business by expanding its pool of Top Traders outside Europe to include Asian traders and establishing domestic social trading platforms with new clients in China and Asia. The Group also targets to enter into strategic partnerships in Australia, Middle East and Japan. The Company will update Shareholders on the material developments on this. The Company wishes to clarify that the trading of the Company’s shares will remain suspended until the Company is able to address the going concern and business viability issues.

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Following the completion of the Proposed Disposal, the Group's revenue by source through its social trading business will largely be rebates payable to the Group for their revenue share of the spread and commission and financing income. For illustration purposes, the revenue by source of the Group for FY2018 will be as follows:

Revenue by Source	Assuming Proposed Disposal was completed as at 1 January 2018		Assuming there is no Proposed Disposal as at 31 December 2018 based on FY2018 Results	
	FY2018 CHF'000	%	FY2018 CHF'000	%
<b>Rebates</b>	<b>1,855</b>	<b>100</b>		
Comprise of its share of:				
Spread and Commission	1,224	66	15,499	75
Financing Income	631	34	4,517	22
Other	-	-	785	3
<b>Total</b>	<b>1,855</b>	<b>100</b>	<b>20,801</b>	<b>100</b>

The Proposed Disposal is expected to significantly change the risk profile of the Group as the remaining business is small and will not be a viable business suitable for listing. The business profile of the Group following the Proposed Disposal will be focused on its social trading business which the Group intends to grow and the Group is already considering various funding options for this purpose.

In addition, the Proposed Disposal is also expected to affect the Group's competitive strengths, particularly in respect of the ownership of the entire value chain as the Group will be operating without its own trade execution platform. Notwithstanding that the Group's future plans as set out in the Offer Document focus mainly on the expansion of its social trading business, the Group nevertheless expects change in the prospects, business strategies and future plans of the Group as the Group will focus solely on the growth of the social trading market and no longer be involved in self-directed trading. Please refer to the "Prospects, Business Strategies and Future Plans" section of the Offer Document for more details.

### 6. FURTHER INFORMATION ON AML AND UPDATE ON THE FCA

As announced by the Company on 14 February 2019, following feedback from one of the Group's employees after receiving queries raised by Her Majesty's Revenue and Customs in UK on the treatment of technology software and hardware expenditures and inter-company balances and transactions, KPMG was engaged to assess the appropriate accounting and regulatory treatment of certain items including the treatment of software costs, inter-company loan balances, and the scope of regulatory consolidation related to the determination of AML's regulatory capital position under European Capital Requirements Regulation.

KPMG has, in its report to AML, expressed its views on the accounting treatment adopted by AML in relation to two items on the financial statements of AML, relevant to the computation of the CET1 ratio, namely (a) technology software expenditures ("**Tech Expenditures**"); and (b) inter-company balances and transactions ("**Inter-Company Balances**") (collectively, the "**Balances**"). KPMG's views which were based on IFRS are different from the accounting treatment adopted by AML under United Kingdom Generally Accepted Accounting Practice ("**UK GAAP**") in the past.

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## LETTER TO SHAREHOLDERS

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### Tech Expenditures

Based on KPMG's views, the Tech Expenditures are to be classified as intangible assets rather than tangible assets pursuant to IFRS. If such views of KPMG were adopted by AML, it will have a negative impact on AML's CET1 ratio. However, KPMG has further stated that its analysis is based solely on the discussion, documents and information provided by the management of AML, and to the extent that the actual facts differ from those described, the accounting treatment may differ from the opinion provided.

Following the receipt of the KPMG report on 31 January 2019, AML notified the FCA that it had adopted KPMG's suggested accounting treatment and accordingly, following the notification by AML, the Tech Expenditures will be classified as intangibles instead of tangible assets.

Noting that KPMG's views are different from the position adopted by AML in the past, the Company's audit and risk committee ("**ARC**") has sought views of Blick Rothenberg Audit LLP ("**BR**"), AML's statutory auditors in England, and Ernst & Young LLP ("**EY**"), the Company's auditors, on KPMG's suggested accounting treatment. The ARC noted the following:

- (i) BR, had explained that under section 17 of FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland ("**FRS 102**"), the Tech Expenditures meet the criteria for property, plant and equipment and are not specifically exempted. They are also not exempted or prescribed as intangible assets in section 18 of FRS 102 (Intangible Assets). As such, in BR's opinion, AML has a choice and it had taken the view that the Tech Expenditures can be classified as tangible assets.
- (ii) BR had also opined that AML's financial statements gave a true and fair view of the state of the company's affairs as at 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017 respectively and had been properly prepared in accordance with UK GAAP prior to 1 January 2015 and FRS102 thereafter and the requirements of the Companies Act 2006 and the Tech Expenditures had consistently been classified as tangible assets.
- (iii) In addition, during the IPO of the Company in March 2018, its independent auditors and reporting accountant, EY audited the Company and its subsidiaries including AML, and issued an unqualified opinion on the consolidated financial statements of the Group in accordance with IFRS for the FY2014, FY2015 and FY2016 and the financial periods ended 30 September 2016 and 30 September 2017 respectively.
- (iv) In accordance with IAS 38, the trading platform was classified as intangible assets in the consolidated financial statements audited by EY. EY was of the view that KPMG's regulatory treatment of own funds only indicated the appropriate treatment to apply for tangible and intangible assets but KPMG did not conclude that it was not appropriate to record the trading platform as tangible assets in accordance with FRS 102. Nevertheless, EY noted that there are companies similar to AML which have had their trading platform classified as tangible assets and recommended the Company to engage the FCA for discussion and to seek clarifications.
- (v) Further, as part of EY internal audit review to understand the processes and assess the design of the controls, EY noted that the quarterly report to be submitted to the FCA is a protected excel template provided by the FCA where figures inserted were based on the management accounts, and the formulas applied could not be amended. EY had agreed the financial numbers in the protected excel template to the management accounts of AML, which was prepared based on the accounting policies

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## LETTER TO SHAREHOLDERS

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used in its statutory financial statements. EY performed re-computation of the CET1 ratios and noted no exceptions to AML's historical compliance with the CET1 ratio.

SGX Regco had directed the Board in its 16 April 2019 Notice of Compliance, to obtain explicit confirmation from the FCA in relation to AML's compliance with the CET1 requirements, and accordingly, the amount of shortfall in regulatory capital requirements. The Board has engaged with the FCA on the matter and SGX Regco is privy to the correspondence on these engagements. The Board has explained to SGX Regco that it is bound by confidentiality obligations under UK laws in respect of disclosure of the correspondence with the FCA. SGX Regco has consequently indicated that with the disclosures provided in this Circular, it is satisfied that condition 19(a) as stipulated in the said Notice of Compliance has been met.

AML has determined that it will comply with the amended accounting treatment of the Tech Expenditures based on KPMG's suggested accounting treatment. Accordingly, it had submitted its quarterly COREP reports to the FCA for the quarter period ended 31 December 2018 based on KPMG's suggested accounting treatment.

The board of AML has confirmed that the capital ratio figures submitted to the FCA in AML's quarterly COREP reports for FY2014 to FY2018 were in line with market practice and noted that the FCA has not raised any concerns on the computation of the CET1 ratio. AML's CET1 ratio for the quarterly reports submitted to FCA in FY2018 were as follows:

	<b>As at 31 March 2018</b>	<b>As at 30 June 2018</b>	<b>As at 30 September 2018</b>	<b>As at 31 December 2018</b>
CET 1 ratio	17.13%	15.95% <sup>(1)</sup>	13.80% <sup>(2)</sup>	-16.27% <sup>(3)</sup>

**Notes:**

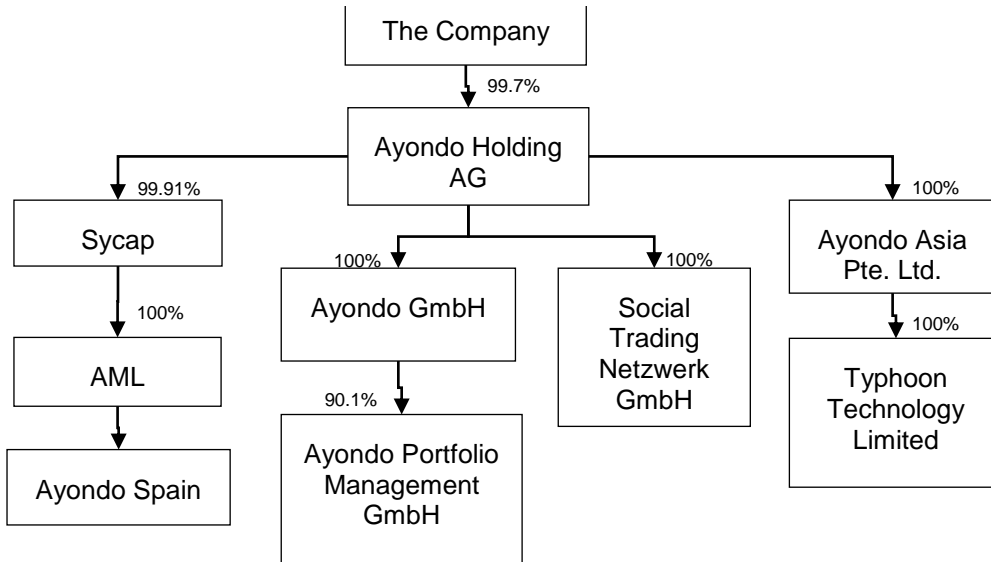
- (1) The reason for the decrease as at 30 June 2018 was mainly due to poor performance in Q22018 resulting from the declining implied volatility and reduced marketing spend.
- (2) The reason for the decrease as at 30 September 2018 was mainly due to poor performance in Q32018 resulting from the declining implied volatility, further reduced marketing spend and the impact of ESMA product intervention from 1 August 2018 onwards.
- (3) The reason for the decrease as at 31 December 2018 was mainly due to poor performance in Q42018 resulting from further reduced marketing spend and the continuing impact of ESMA product intervention) and the impairment of intra-group receivables and the reclassification of capitalised software costs from tangible to intangible after adopting KPMG's suggested accounting treatment. For clarification, the CET1 ratio for the quarter period ended 31 December 2018 was submitted to FCA in February 2019 following AML's receipt of the KPMG's report and AML had applied the recommendations of KPMG for prudence based on KPMG's report which was issued on 31 January 2019.

### **Inter-Company Balances**

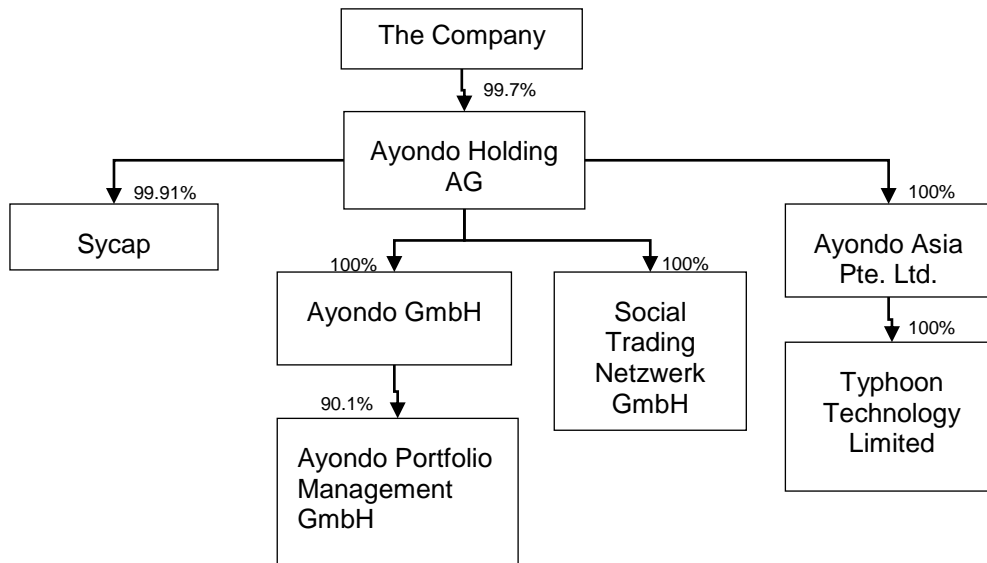
For ease of reference, below is the organisational structure of the Group before and after the completion of Proposed Disposal.

**LETTER TO SHAREHOLDERS**

**Before the completion of the Proposed Disposal**



**After the completion of the Proposed Disposal**



There are outstanding Inter-Company Balances owing by the members of the Group as described below to AML.

<b>Member of the Group</b>	<b>Reasons for amounts owing to AML</b>	<b>Reasons for impairment</b>
The Company	Amounts owing represent central costs paid by AML on behalf of the Group. Following the Company's IPO in March 2018, the Company made loans to Ayondo Holding AG, Ayondo	The Company's ability to repay the amounts owing to AML are reliant on the trading performance of the Group. As at 31 December 2018, there appeared to be reasonable

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## LETTER TO SHAREHOLDERS

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	GmbH, AML and AAPL from its IPO proceeds and is not independently cash generative.	doubt as to the ability of AML to recover the receivables owing.
Ayondo Holding AG	Amounts owing represent interest free cash flow loans drawn down throughout 2018. Ayondo Holding AG has itself made loans to other group companies and accrues interest income on those loans.	Ability to repay the amounts owing to AML is entirely reliant on the trading performance of group companies, which to date has not generated cash inflows. As at 31 December 2018 there appears to be reasonable doubt as to the ability of AML to recover the receivables owing.
Ayondo GmbH	Historically AML have aided the group's funding of Ayondo GmbH losses through advanced rebate payments and, more recently, interest free cash flow loans.	During FY2018, Ayondo GmbH has continued to generate losses despite heavy investment in marketing. In the absence of evidence of future earnings growth, as at 31 December 2018 there appears to be reasonable doubt as to the ability of AML to recover the receivables owing from Ayondo GmbH.
Ayondo Asia Pte. Ltd. ("AAPL")	Amounts owing to AML are in the form of advances to cover costs.	Performance in AAPL has been relatively poor during FY2018 with very limited income being generated. The balance sheet of AAPL is weak and already heavily geared, with inter-group debt and third party payables funding the losses to date of over £5 million. In the absence of evidence of future earnings growth, as at 31 December 2018 there appears to be reasonable doubt as to the ability of AML to recover the receivables owing.

In light of the reasons noted in the table above, AML will be impairing the Inter-company Balances as advised by its statutory auditors. EY has also concurred with this treatment.

As a result of the change in accounting treatment for the Tech Expenditures and impairment of the Inter-Company Balances, there is a negative impact on AML's CET1 ratio and AML will require capital injection to meet the regulatory capital requirements.

The net impact of the adoption of KPMG's suggested accounting treatment is a reduction in AML's available assets for own funds/regulatory capital purposes by approximately £7.8 million, broken down as follows:

- (i) Reclassification of capitalised software costs: £2.0 million



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## LETTER TO SHAREHOLDERS

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- (ii) Impairment of intercompany receivables: £5.8 million

In light of the above, AML's capital situation declined materially resulting in a regulatory capital deficiency and an inability to meet its Individual Capital Guidance CET1 Ratio of 13%, following which, AML's authorisation by the FCA as a 730K investment firm may be revoked by the FCA.

For illustration purposes, as at 31 December 2018 (assuming that there is no impairment of the intangibles and the Inter-Company Balances), AML's regulatory capital position would be as follows:

- (i) based on KPMG's suggested accounting treatment, there would be a regulatory capital deficiency of approximately £7.5 million (equivalent to approximately CHF 10 million based on the exchange rate of £ 1 to CHF 1.33); and
- (ii) based on AML's accounting treatment prior to KPMG's suggested accounting treatment, there would be no regulatory capital deficiency as the CET1 ratio would be 13.03% which is above the Individual Capital Guidance of 13%.

Assuming that there is an impairment of Inter-Company Balances and based on AML's accounting treatment prior to KPMG's suggested accounting treatment, as at 31 December 2018, the CET1 ratio would be around negative 7.0% and there would be a regulatory capital deficiency of approximately £5.5 million (equivalent to approximately CHF 7.32 million based on the exchange rate of £ 1 to CHF 1.33).

Assuming the Proposed Disposal is not completed, as at the Latest Practicable Date, AML requires an injection of around £11 million to meet its regulatory capital requirements and for ongoing working capital requirements. In the event that AML continues to suffer losses, AML will require additional capital injection which could be more than £11 million to meet its regulatory capital requirements and for ongoing working capital requirements.

The Directors are of the view that the Proposed Disposal is in the best interest of the Group and its shareholders because the Group has not successfully raised sufficient funds in and around Q42018 and has difficulty doing so. As such, the Group is not in a position to provide the required capital injection into AML.

AML informed the FCA about the Proposed Disposal and the proposed capital injection by the Purchaser upon completion of the Proposed Disposal, which would allow AML to continue trading and maintain its position as a 730K investment firm. The FCA accepted AML's proposal and approved a change in control application by the Purchaser on 8 March 2019.

Notwithstanding all the above, AML continues to be authorised by the FCA as a 730K investment firm in the UK and operates its business as usual.

### 7. FINANCIAL HIGHLIGHTS OF AML

**Summary of profit and loss account and balance sheet of AML prepared based on FRS 102 and audited by BR**

	<b>FY2016 GBP'000</b>	<b>FY2017 GBP'000</b>	<b>FY2018 GBP'000</b>
<b>Summary of Profit and Loss Account</b>			
Revenue	14,161	16,292	15,869
Loss before income tax	(1,073)	(1,146)	(10,670) <sup>(1)</sup>

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## LETTER TO SHAREHOLDERS

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### Summary of Balance Sheet

Current assets	29,650	41,191	24,913
Non-current assets	1,154	1,771	27 <sup>(2)</sup>
Current liabilities	(28,181)	(39,603)	(30,042)
Shareholders' equity	2,623	3,359	(5,102)

#### Notes:

- (1) Loss before income tax for FY2018 is mainly due to impairment of Inter-Company Balances and intangible assets. Loss before impairment was £2.1 million and impairment was £8.6 million in total.
- (2) Non-current assets in FY2018 have reduced due to impairment of the intangible assets.

The pre-disposal net loss attributable to AML for FY2018 was approximately £10,708,000 (equivalent to approximately CHF13,562,000 based on the exchange rate of £1: CHF1.2665).

### 8. USE OF PROCEEDS

The Receivables Balance of £5.7 million will be applied immediately upon Completion towards all settlement of interest accrued and any other amounts payable to AML by the remaining entities of the Group.

As such, the Company will not receive any net proceeds from the Proposed Disposal.

### 9. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

Shareholders should note that the financial effects of the Proposed Disposal set out below are theoretical in nature and strictly for illustrative purposes only. Accordingly, they do not represent the actual financial position and/or results of the Group's operations after the Completion and are not indicative of the future financial position and earnings of the Group. The financial effects below have been prepared based on the audited consolidated financial statements of the Group for FY2018 and in accordance with the assumptions set out herein.

#### 9.1 NTA

The effect of the Proposed Disposal on the NTA per Share of the Group for FY2018, assuming that the Proposed Disposal had been effected at the end of FY2018 is as follows:

As at 31 December 2018	Before the Proposed Disposal	After the Proposed Disposal
NTA (CHF'000)	(8,279)	(2,132)
NTA per share (CHF cents)	(0.0162)	(0.0042)

#### 9.2 EPS

The effect of the Proposed Disposal on the EPS of the Group for FY2018, assuming that the Proposed Disposal had been effected at the beginning of FY2018 is as follows:

FY2018	Before the Proposed Disposal	After the Proposed Disposal
Losses after tax and minority interests (CHF'000)	(50,239)	(41,325)
Loss per share (CHF cents)	(0.0996)	(0.0819)

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## LETTER TO SHAREHOLDERS

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### 9.3 Value of Sale Shares and Gain on Disposal

Based on the Group's unaudited financial statements for the fourth quarter ended 31 December 2018 ("**Q42018 Results**"), the net liabilities position ("**NLV**") of AML as at 31 December 2018 was approximately £4,906,000. There is no open market value for the shares in AML as they are not publicly traded. Based on the NLV of AML as at 31 December 2018, the gain on the Proposed Disposal is approximately £4,730,179. The actual gain may differ based on the net liabilities position of AML on the date of Completion. The net loss attributable to AML for FY2018 was approximately £10,708,000.

An independent valuation of AML as at 31 December 2018 was prepared by KPMG on 6 March 2019 which concluded that the 100% equity value of AML was negative. For details, please refer to the valuation summary letter from KPMG as appended in Appendix A of this Circular.

### 9.4 Gross Gearing Ratio

For illustrative purposes only, the effect of the Proposed Disposal on the gross gearing ratio of the Group for FY2018, assuming that the Proposed Disposal had been completed at the end of FY2018 is as follows:

As at 31 December 2018	Before the Proposed Disposal	After the Proposed Disposal
Total borrowings <sup>(1)</sup> (CHF'000)	353	353
Shareholders' funds (CHF'000)	(8,279)	(2,132)
Gross gearing ratio <sup>(2)</sup> (times)	N.M. <sup>(3)</sup>	N.M. <sup>(3)</sup>

**Notes:**

- (1) Total borrowings is defined as the aggregate amount of liabilities arising from a third party lender.
- (2) Gearing means the ratio of total borrowings to equity attributable to Shareholders.
- (3) N.M. is an abbreviation for no meaningful figure.

## 10. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

### 10.1 Relative Figures under Rule 1006 of the Catalist Rules

Rule	Basis	Relative Figure
1006 (a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Approximately 74% <sup>(1)</sup>
1006 (b)	The net losses attributable to the assets disposed of, compared with the Group's net losses	Approximately 27% <sup>(2)</sup>
1006 (c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	Approximately 41% <sup>(3)</sup>
1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities	Not applicable.

## LETTER TO SHAREHOLDERS

	previously in issue	
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable.

**Notes:**

- (1) Based on the pre-disposal NLV of AML being approximately £4,906,000 (equivalent to approximately CHF6,148,000 based on the exchange rate of GBP 1: CHF 1.2532) and the pre-disposal NLV of the Group of approximately CHF8,279,000 in the Q42018 Results.
- (2) Based on the pre-disposal net losses before tax attributable to AML of approximately £10,708,000 (equivalent to approximately CHF13,562,000 based on the exchange rate of GBP 1: CHF 1.2665) and the Group's pre-disposal net loss before tax of approximately CHF50,239,000 as at 31 December 2018.
- (3) Based on the Sale Consideration of £5,700,001 (equivalent to approximately S\$10,032,000 based on the exchange rate of GBP 1: S\$1.76) and the Company's market capitalisation of approximately S\$24,469,000 (being the Company's issued ordinary share capital of 509,785,570 Shares (excluding treasury shares and subsidiary holdings) and the volume weighted average price of the Shares on the SGX-ST of S\$0.048 on 29 January 2019 (being the full market day on which the Shares were last traded prior to the suspension of trading of the Shares on the Catalist board of the SGX-ST).

### 10.2 Major Transaction

Having regard to the above relative figures, the Proposed Disposal is a "major transaction" as defined in Rule 1014 of the Catalist Rules and will require approval of Shareholders as it is tantamount to disposal of core business and key revenue contributor of the Group. In addition, it is expected to significantly change the risk profile of the Group as the remaining business is small and will not be a viable business suitable for listing. Accordingly, the approval of Shareholders in an extraordinary general meeting is required for the Proposed Disposal.

### 10.3 Irrevocable Undertaking to Vote

Shareholders who hold an aggregate of approximately 55.49% of the total number of issued Shares, have undertaken to vote in favour of the Proposed Disposal and not to sell, transfer or otherwise dispose such Shares until the conclusion of the EGM.

## 11. INTEREST OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

11.1 The shareholding interests of the Directors and Substantial Shareholders as at the Latest Practicable Date are as follows:

	As at the Latest Practicable Date			
	Number of Shares			
	Direct interest	Deemed interest	Total Interest	%( <sup>1</sup> )
<b>Directors</b>				
Thomas Winkler <sup>(2)</sup>	2,296,517	26,558,064	28,854,851	5.66
Dr Foo Fatt Kah <sup>(3)</sup>	6,688,057	101,174,765	107,862,822	21.16
Foong Daw Ching	150,000	-	150,000	0.03
Chan Heng Toong	1,000,000	-	1,000,000	0.20
Lam Shiao Ning	100,000	-	100,000	0.02
<b>Substantial Shareholders</b>				
Luminor Capital Pte. Ltd. <sup>(4)</sup>	-	101,174,765	101,174,765	19.85
Luminor Pacific Fund 1 Ltd.	56,660,756	-	56,660,756	11.11

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## LETTER TO SHAREHOLDERS

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	As at the Latest Practicable Date			
	Direct interest	Deemed interest	Total Interest	%( <sup>1</sup> )
Luminor Pacific Fund 2 Ltd.	44,514,009	-	44,514,009	8.73
Kwan Chee Seng <sup>(5)</sup>	17,386,507	107,722,089	125,108,596	24.54
Kwan Yu Wen <sup>(6)</sup>	-	101,174,765	101,174,765	19.85

**Notes:**

- (1) Based on 509,785,570 Shares in the capital of the Company as at the Latest Practicable Date.
- (2) Thomas Winkler, is deemed to be interested in the 423,360 Shares held by his spouse, Astrid Winkler and by virtue of Section 4 of the SFA and Section 7 of the Companies Act, Thomas Winkler is deemed to be interested in the Shares held by the following companies:
  - (i) 17,535,420 ordinary shares held by Global Money Ventures AG;
  - (ii) 4,811,184 ordinary shares held by Next Generation Finance Management AG; and
  - (iii) 3,788,100 ordinary shares held by Baltische Bauentwicklungsgesellschaft mbH.
- (3) Foo Fatt Kah, is a director and shareholder of Luminor Capital Pte. Ltd., the fund manager of Luminor Funds (as defined below) which manages Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Foo Fatt Kah is deemed interested in the Shares of the Company held by Luminor Funds.
- (4) By virtue of section 4 of the SFA, Luminor Capital Pte. Ltd., being the fund manager which manages Luminor Pacific Fund 1 Ltd. and Luminor Pacific Fund 2 Ltd. (collectively "**Luminor Funds**") on a discretionary basis will be deemed interested in all the shares held by Luminor Funds.
- (5) Kwan Chee Seng, is a director and shareholder of Luminor Capital Pte. Ltd., the fund manager of Luminor Funds which manages Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Kwan Chee Seng is deemed interested in the Shares held by Luminor Funds. Starland Holdings Limited is a 83.2%-owned subsidiary of GRP Chongqing Land Pte. Ltd., a wholly-owned subsidiary of GRP Land Pte. Ltd. which is in turn wholly-owned by GRP Limited. Kwan Chee Seng has a shareholding interest of 33.1% in GRP Limited as at the Latest Practicable Date. By virtue of Section 7 of the Companies Act, Kwan Chee Seng is deemed to be interested in all the Shares held by GRP Limited and Starland Holdings Limited, being 6,547,324 Shares.
- (6) Kwan Yu Wen holds 20% of the share capital of Luminor Capital Pte. Ltd, the fund manager of Luminor Funds which manages the Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Kwan Yu Wen is deemed interested in the Shares held by Luminor Funds.

11.2 Save as disclosed in this Circular, none of the Directors and Substantial Shareholders has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company (if any).

## 12. SERVICE AGREEMENT

There are no directors proposed to be appointed to the Board in connection with the Proposed Disposal.

## 13. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 31 to 32 of this Circular, will be held at 10 Anson Road, #29-06 International Plaza, Singapore 079903 on 3 June 2019 at 10 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the notice of EGM.

## 14. DIRECTORS' RECOMMENDATIONS

14.1 The Directors have considered and reviewed, *inter alia*, the terms of the SPA, the rationale for, and the financial effects of the Proposed Disposal and all other relevant facts set out in this Circular. The Directors are collectively of the view that the Proposed Disposal is in the best

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## LETTER TO SHAREHOLDERS

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interests of the Company and its Shareholders. The Directors therefore recommend that Shareholders vote in favour of the Proposed Disposal at the EGM.

- 14.2 In giving the above recommendations, the Directors have not had regard to the general or specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, it is recommended that any individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

### 15. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find a Proxy Form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 20 Collyer Quay, #01-02 Singapore 049319, not less than 72 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he finds that he is able to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register, as certified by CDP as at 72 hours before the EGM.

### 16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors and directors of AML collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors and directors of AML are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors and directors of AML has been to ensure that such information has been accurately and correctly extracted from those sources and/ or reproduced in this Circular in its proper form and context.

### 17. CONSENT

KPMG has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the documents set out in Appendix A of this Circular and all references thereto in the form and context in which they appear in this Circular.

### 18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 20 Collyer Quay, #01-02 Singapore 049319, during normal business hours for a period of three months from the date of this Circular:

- (a) the constitution of the Company;
- (b) the Offer Document;
- (c) the SPA;

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## LETTER TO SHAREHOLDERS

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- (d) the consent letter from KPMG in respect of the consent set out in Section 17; and
- (e) the valuation report dated 6 March 2019.

Yours faithfully  
For and on behalf of the Board of Directors

**THOMAS WINKLER**  
Non-Executive Chairman

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### AYONDO LTD.

(Incorporated in the Republic of Singapore on 4 October 2017)  
(Company Registration Number 201728417D)

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of **AYONDO LTD.** (the “**Company**”) will be held at 10 Anson Road, #29-06 International Plaza, Singapore 079903 on 3 June 2019 at 10 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as set out below as an ordinary resolution:

*All capitalised terms used in this notice which are not otherwise defined shall have the same meanings as ascribed to them in the Company’s circular to its shareholders dated 19 May 2019.*

### ORDINARY RESOLUTION

#### PROPOSED DISPOSAL OF 100% OF THE ISSUED SHARES IN THE CAPITAL OF AYONDO MARKETS LIMITED

That:

- (a) approval be and is hereby given to the Company to dispose of its entire shareholding interests in Ayondo Markets Limited, held through Sycap Group (UK) Limited (“**Sycap**”), to BUX Holding B.V. (the “**Purchaser**”) on the terms and subject to the conditions of the sale and purchase agreement dated 7 May 2019 (“**SPA**”) entered into between the Company, Sycap and the Purchaser (the “**Proposed Disposal**”), as a major transaction for the purposes of Chapter 10 of the Catalist Rules; and
- (b) the Directors or any of them be and are hereby authorised and empowered to do all acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the Proposed Disposal, the SPA and this Ordinary Resolution as they or he may think fit.

By Order of the Board  
**AYONDO LTD.**

**THOMAS WINKLER**  
Non-Executive Chairman  
19 May 2019



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:

- (1) (a) A shareholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the EGM. Where such shareholder appoints more than one proxy, the proportion of his shareholding to be represented by each proxy shall be specified in the instrument of proxy.
  - (b) A shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
- (2) A proxy need not be a shareholder of the Company.
- (3) The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 20 Collyer Quay, #01-02 Singapore 049319 not less than 72 hours before the time appointed for holding the EGM.
- (4) The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
- (5) A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

### Personal Data Privacy:

“Personal data” in this notice of EGM has the same meaning as “personal data” in the Personal Data Protection Act 2012, which includes your name and your proxy’s and/or representative’s name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder’s and its proxy(ies)’s or representative(s)’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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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 shareholder discloses the personal data of the shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior express 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; (iii) undertakes that the shareholder will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder’s breach of warranty. Your personal data and your proxy’s and/or representative’s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.

Photographic, sound and/or video recordings of the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a member of the Company (such as his/her name, his/her presence at the EGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

## PROXY FORM

### AYONDO LTD.

(Incorporated in the Republic of Singapore on 4 October 2017)  
(Company Registration Number: 201728417D)

### EXTRAORDINARY GENERAL MEETING PROXY FORM

#### IMPORTANT

1. Investors who hold shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and vote at the EGM in person. SRS Investors who are unable to attend the EGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, such SRS Investors shall be precluded from attending the EGM.
2. This instrument of proxy is not valid for use by the SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We\*, \_\_\_\_\_ (Name) (NRIC/Passport/Registration number \_\_\_\_\_) of \_\_\_\_\_ (Address) being a shareholder/shareholders\* of ayondo Ltd. (the "**Company**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholding	
		Number of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholding	
		Number of Shares	%
Address			

or failing him, the Chairman of the Extraordinary General Meeting ("**EGM**") of the Company as my/our\* proxy/proxies\* to attend and vote for me/us\* on my/our\* behalf at the EGM of the Company to be held at 10 Anson Road, #29-06 International Plaza, Singapore 079903 on Monday, 3 June 2019 at 10 a.m., and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies\* will vote or abstain from voting at his/their\* discretion, as he/they\* will on any other matter arising at the EGM and at any adjournment thereof.

Ordinary Resolutions	Number of Votes For**	Number of Votes Against**
To approve the Proposed Disposal		

\* Delete accordingly

\*\* If you wish to exercise all your votes "For" or "Against" the resolution, please tick [] within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the resolution, please insert the relevant number of shares in the boxes provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Total number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

Signature(s) or Common Seal of Shareholder(s)

**IMPORTANT: PLEASE READ THE NOTES OVERLEAF**

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## PROXY FORM

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### Notes:

1. If the shareholder has shares entered against his name in the Depository Register, he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members, he should insert that number of shares. If the shareholder has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the shareholder.
2. (a) A shareholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the EGM. Where such shareholder appoints more than one proxy, the proportion of his shareholding to be represented by each proxy shall be specified in this instrument of proxy. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.  
  
(b) A shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in this instrument of proxy.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a shareholder of the Company.
4. This instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 20 Collyer Quay, #01-02 Singapore 049319 not less than 72 hours before the time appointed for holding the EGM. The appointment of a proxy or proxies shall not preclude a shareholder from attending and voting in person at the EGM. If a shareholder attends the EGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the EGM.
5. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
6. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
7. A corporation which is a shareholder 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 EGM in accordance with Section 179 of the Companies Act, Chapter 50.
8. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a shareholder whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the shareholder, 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 EGM, 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 shareholder is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of EGM of the Company dated 19 May 2019.

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## APPENDIX A – VALUATION SUMMARY LETTER

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**KPMG LLP**  
**Corporate Finance**  
15 Canada Square  
London E14 5GL  
United Kingdom

Tel +44 (0) 20 7311 1000  
Fax +44 (0) 20 7311 6436

The Board of Directors  
ayondo Ltd.  
20 Collyer Quay  
#01-02 Tung Centre  
Singapore 049319

19 May 2019

Dear Directors

### **Pricing Analysis of Ayondo Markets Limited**

#### 1. Introduction

KPMG LLP (“KPMG”) has been appointed by Ayondo Markets Limited (“AML” or “Company”) and ayondo Ltd. (“ayondo”) (collectively, the “Entities”) to provide a pricing analysis of the 100% equity value of AML on a standalone basis as at 31 December 2018 (“Valuation Date”).

This Valuation Summary Letter (“Valuation Summary Letter”) is a summary of KPMG’s Pricing Analysis report dated 6 March 2019 (the “Report”). Accordingly, it should be read in conjunction with the full text of the Report.

#### 2. Terms of reference

The objective of the Report is to provide our view of the market value of AML as at the Valuation Date. The term “market value” as used in the context of the Report is defined as “the value for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Our scope of work does not require us to express and we do not express a view on the future prospects of the Company, or any views of the financial condition of the Company upon completion of inter alia, the proposed transaction.

Our terms of reference do not require us to provide advice on legal, regulatory, accounting or taxation matters made available to us if the Entities have obtained specialist advice, and where we have considered, and where appropriate, relied upon such advice.

The pricing analysis has been performed as of the Valuation Date, and reflects the economic, market, industry, regulatory, monetary and other conditions and on the information made available to us as of the date of the Report. Such conditions may change significantly over a relatively short period of time and may result in the conclusions becoming outdated quickly.

### 3. Use of our valuation report and valuation summary letter

Our work has been carried out solely for the purpose of providing an indicative valuation of the market value of AML as at 31 December 2018 to the Entities. This Valuation Summary Letter and the Report resulting from our work may not be used for any other purpose or by any other person, referred to in any document or made available to any party without our prior written consent, except for the purpose of any matter relating to the valuation of AML (including making reference to and reproduction in the Circular and being made available for inspection by the shareholders of ayondo). Any recommendation made by the Directors to the shareholders of ayondo shall remain the responsibility of such Directors.

### 4. Reliance on available information and representation from management

The information used by us in preparing the Report has been obtained from a variety of sources as indicated within the Report, including from the management of AML ("Management") and other relevant publicly available information. We have not independently verified all such information provided or any representation or assurance made by Management, whether written or verbal. In addition, while our work has involved analysis of financial information and accounting records of the Company, it has not included an audit in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information, representation or assurance provided to us by and on behalf of the Company and ayondo.

Management has reviewed the information contained in the Report and has confirmed in writing to us, having made reasonable enquiries to establish that this is the case, that to the best of its knowledge and belief, the factual information contained therein is, in all material respects, complete and accurate and not misleading in the manner of its portrayal and therefore forms a reliable basis for our work. In particular, Management is not aware of any further information which should be relevant to our pricing analysis.

## 5. Valuation methodology

Ordinarily we would perform a pricing analysis with a combination of Income and Market Approaches. An Income approach would typically take the form of a Discounted Cash Flow (“DCF”), where estimated future cash flows would be present valued at an appropriate cost of capital to determine a present value. A Capitalised Earnings Market approach would typically supplement a DCF by applying appropriate trading multiples, derived from listed comparable companies and recent comparable transactions, to the corresponding target entity’s financial metric (e.g. Price/ Earnings, EV/ EBITDA for companies similar to AML).

Given the historical losses made by AML and the current financial difficulties the Company is experiencing, both of the above approaches present limitations and typical pricing techniques under conventional income and market approaches render non-meaningful values. We have been provided with a one year forecast (which is projected to be loss making at the EBITDA level), and note caution would be required if any form of extrapolation was performed to infer future profits. In light of this, a DCF valuation would carry with it significant uncertainties, while a market approach using conventional metrics would render non-meaningful values given AML is loss making at a net earnings and EBITDA level.

In the absence of current or historical positive EBITDA and earnings, EV/Revenue multiples were also assessed to estimate Equity Value. Whilst this gives some indication of possible Equity Value ranges, such a valuation metric would not reflect the relatively high cost base and unprofitability of the business and therefore could potentially overvalue the business.

A revenue multiple valuation approach would more typically be applied to companies in a different business life cycle (e.g. start-ups or growth companies with no proven product or newly developed product) and in our view would not be appropriate for companies in a distressed nature.

Within the sector, a significant number of the market participants have been loss making in the recent past, and this was before the introduction of the ESMA rules on leverage.

Given this and in light of the circumstances surrounding AML, in particular its historic losses and projected net loss and current capital shortfall, we have not placed any reliance on EV/Revenue multiples in determining the Equity Value.

Given the limitations mentioned above, we also had regard to the cost approach (e.g. the net book value) and the consideration of value of individual assets in the business, although we stress that this would still be assuming a business value (i.e. not an

individual asset sale). In such an approach, individual assets would need to be considered net of any business liabilities and/or recapitalisation.

AML's trading platform (TradeHub) was identified as possibly having value to a hypothetical purchaser. In trying to quantify a value for this intangible asset, on the basis that this could be sold separately from the business, we have considered a net asset value as well as a relief-from-royalty approach. However, Management advises that the platform has been in use for 7 years without a major refresh and is likely to require major upgrades in functionality and user interface within the next 12-18 months in order for AML to maintain relevance in a competitive marketplace.

We note that even if the value of the platform can be realised through an asset sale, AML still has a net liability position driven by client funds which are protected by client money regulations and therefore it is unlikely that the shareholders of AML will realise value over and above the net liability position.

Our analysis has been prepared on a standalone basis that excludes the value of any synergies from which a potential purchaser might benefit. Furthermore, our pricing analysis assumes that the business is a going concern, and therefore in arriving at an estimate of Equity Value, the requirement for both a normal working capital and regulatory capital injection would need to be factored into the analysis.

Management has prepared forecasts assuming normal levels of net working capital and regulatory capital, and that the business continues on a going concern basis. However, Management has also confirmed that AML faces insolvency if the proposed sale of the business does not complete.

For the avoidance of doubt, we are not opining on the value that would be achieved in the event of insolvency/administration, and as such, we have not considered the costs of such scenarios should the Directors decide upon such a course of action

We have not performed work over the capital injection(s) required to meet regulatory requirements, nor assessed the normal working capital level, which has been provided by Management and is a key consideration in performing a valuation on a going concern basis. To the extent that this requirement deviates materially from the assumptions provided by Management, it may lead to material differences to our conclusion. We are not opining on, nor providing assurance as to, the reasonableness of the going concern status of AML following such assumed capital injections.

We have not sought to confirm the validity or reasonableness of any intercompany recharge policies, or other such transfer pricing policies, that impact the financial results of AML shown in the Report. As such, to the extent that these materially change from those as communicated to us by Management, this may result in different valuation conclusions.



6. Conclusion

As detailed in the Report, based on the valuation approaches considered, and after taking onto account the continual loss making position and regulatory capital and working capital shortfall that a purchaser would need to fund, the market value of 100% of the equity of AML as at 31 December 2018 is negative.

We assume no responsibility and are not required to update, revise or reaffirm our conclusion of value to reflect events or developments subsequent to the date of the Report and this Valuation Summary Letter.

Yours faithfully

*KPMG LLP*

KPMG LLP