Synagie

ANNUAL REPORT 2019

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of SGX-ST. The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd. Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 Tel: (65) 6381 6966.

Corporate Profile

Synagie Corporation Ltd. ("Synagie", the "Company", or collectively with its subsidiaries, the "Group") is the leading e-commerce solutions provider in Southeast Asia ("SE Asia") in the Body, Beauty and Baby sector. Founded in 2014 and headquartered in Singapore, Synagie helps its Brand Partners, which include small and medium enterprises ("SME") and multi-national corporations ("MNC") to execute their e-commerce strategies by selling their goods or services to consumers online and providing one-stop services and integrated technology to manage their multi-channel e-commerce operations. The end-to-end e-commerce enablement and fulfilment solutions are achieved through Synagie's cloud-based platform which leverages on technology such as Cloud Computing, Big Data analytics and Artificial Intelligence. This solution encompasses all aspects of the e-commerce value chain covering technology, online store operations, content and channel management, digital marketing, customer service to warehousing and fulfilment. Complementing its e-commerce business, Synagie has an insurtech business where its subsidiary has more than eight years of experience in providing third party administration for extended warranty and accidental damage protection services as well as after sales support and call center services for customers which include Fortune 500 companies in the computer, consumer electronics, and communication sectors.

In 2018, Synagie was ranked Number 1 fastest growing technology company in Singapore and Number 22 in Asia Pacific on the Deloitte Technology Fast 500TM Asia Pacific 2018. According to Frost & Sullivan (Singapore) Pte Ltd ("Frost & Sullivan"), Synagie is also the fastest growing e-commerce startup in Singapore and one of the fastest growing in SE Asia. In 2020, Synagie was ranked top for 'The Straits Times and Statista – Singapore's Fastest Growing Companies'.

Corporate Highlights

MARCH 2019:

Launched on-demand lifestyle insurance application 'Kiasu.me'

APRIL 2019:

Expands its footprint in Vietnam

Sets new online sales record with GMV over S$1 million during Lazada's birthday event

MAY 2019:

Signs new brand partner, Samsonite, marking Group's entry into the Travel & Lifestyle e-commerce sector

Partnered with Singpost to provide on-demand warehousing and logistics solutions for SMEs

JUNE 2019:

Collaborated with Hong Kong Mainboard listed Weimob Inc to facilitate SMEs in Southeast Asia penetrate China's behemoth social e-commerce market

Appointed as partner for Malaysia Government's digital initiative to accelerate eCommerce

JULY 2019:

Snags deal with global sporting goods giant, Amer Sports, for Southeast Asia

AUGUST 2019:

Incorporated a new subsidiary in Thailand

Expands into "New Retail" distribution for global beauty care giant, Henkel, in the region

Appointed as regional Lazada partner to provide brand store management services for Lazada in Southeast Asia

SEPTEMBER 2019:

Inks exclusive cross-border deal with Asia's biggest celebrity food brand, Chef Nic, for Southeast Asia

Generates 24-hour GMV sales of more than S$1 million during 9.9 online shopping event

OCTOBER 2019:

KOSÉ partners Lazada and Synagie to expand e-Commerce footprint in Southeast Asia

NOVEMBER 2019:

Appointed as partner by Enterprise Singapore to help SMEs internationalise through e-Commerce

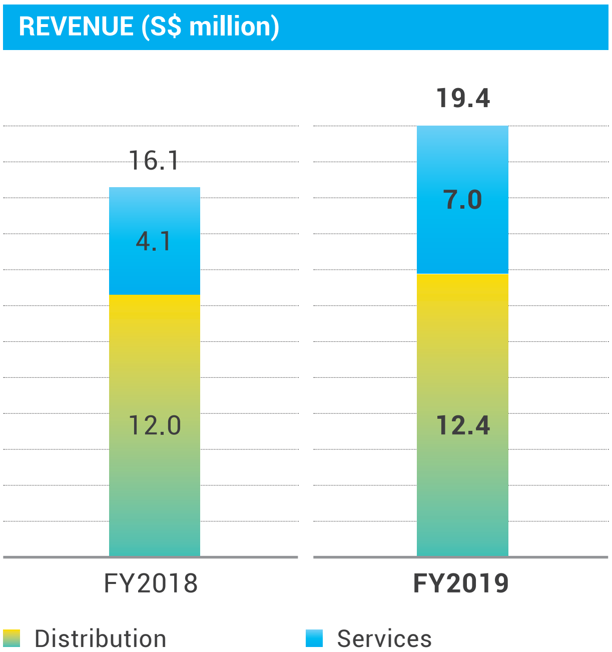
Breaks new record for 11.11 Singles Day with GMV sales of more than S$3 million

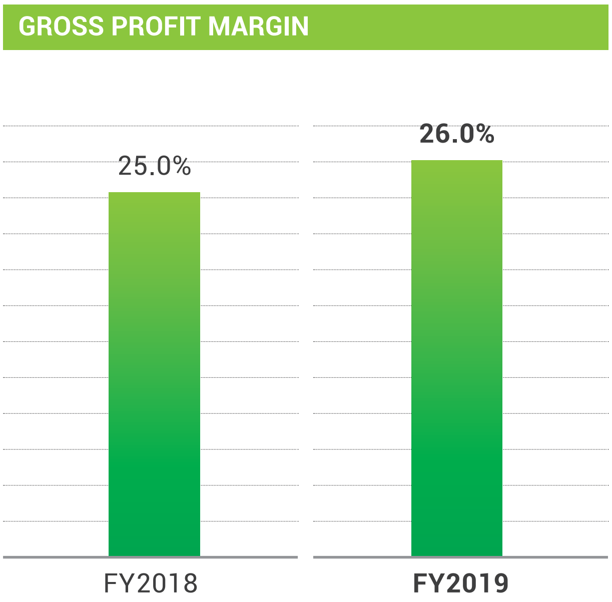
DECEMBER 2019:

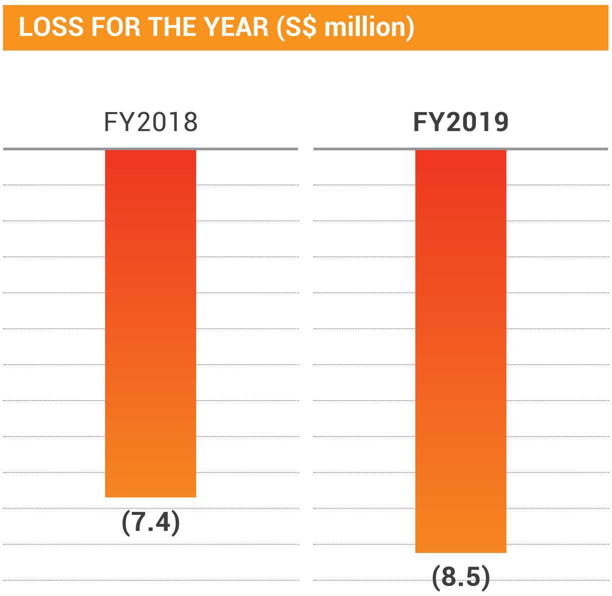
Partners Nanyang Polytechnic's Singapore Institute of Retail Studies to help SMEs adopt cross-border e-commerce

Number of Brand Partners grew to more than 280 by end of 2019

Financial Highlights







Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Synagie Corporation Ltd., I am pleased to present the annual report for the financial year ended 31 December 2019 ("FY2019").

The Group has accelerated its regional presence and expanded its operations in the Philippines, Vietnam and Thailand in FY2019. As the leading e-commerce enabler in Southeast Asia, Synagie continues to propel to greater heights as it was ranked top for 'The Straits Times and Statista – Singapore's Fastest Growing Companies', which is a testament to its commitment to technology, and the ability to adapt and grow in the fast-changing environment.

e-Commerce has become the largest sector of the Internet economy, turbocharged by shopping festivals. The total gross merchandise value ("GMV") of Southeast Asia's e-Commerce industry grew exponentially at a CAGR of 62% from US$5.5 billion in 2015 to US$38 billion in 2019 and is forecasted to exceed US$150 billion by 2025.[1] Philippines, Vietnam and Thailand are key e-commerce markets in the region. Philippines e-commerce revenue is estimated to be US$1.1 billion in 2020 and is projected to grow at a CAGR of 7.9% from 2020 to 2024, resulting in a market volume of US$1.5 billion by 2024.[2] Whereas, Vietnam[3] and Thailand[4] e-commerce markets are estimated to generate revenue amounting to US$3.4 billion and US$5.0 billion

The Group successfully established its presence in 5 Southeast Asian countries and will continue to help its Brand Partners realise the untapped potential from its existing and new markets.

Chairman's Message

respectively, and are projected to grow at a CAGR of 7.1% and 7.3% from 2020 to 2024, resulting in a market volume of US$4.5 billion and US$6.6 billion by 2024.

Synagie has helped both major MNCs and SMEs to shift their traditional businesses online by providing end-to-end commerce enablement and fulfilment solutions through its cloud-based platform. The Group further crossed new milestones, setting high sales record during large-scale online shopping events like Singles' Day and 9.9 as the GMV surpassed S$3.0 million and S$1.0 million within 24-hour respectively. The Group will continue to expand its footprint into new markets such as Indonesia by 2020, as Synagie looks to grow and help its Brand Partners realise the untapped potential from its existing and new markets.

In closing and on behalf of the Board, I would like to extend my appreciation to the dedicated management team and staff for their commitment and hard work. Most importantly, I would like to take this opportunity to thank our shareholders for their unfaltering support and belief in Synagie. Moving forth, we will continue to strive to do better with the aim of maximizing shareholders' return in the longer term.

LIM CHUAN POH
NON-EXECUTIVE AND INDEPENDENT CHAIRMAN

1 https://www.blog.google/documents/47/SEA_Internet_Economy_Report_2019.pdf
2 https://www.statista.com/outlook/243/123/ecommerce/philippines
3 https://www.statista.com/outlook/243/127/ecommerce/vietnam
4 https://www.statista.com/outlook/243/126/ecommerce/thailand

CEO's Message

FY2019 was a milestone year for us. The Group achieved several important milestones – key partnerships and collaborations. Additionally, the Group's Brand Partners portfolio grew to more than 280 brands by the end of 2019.

On behalf of the Board and Management, I am pleased to present Synagie's Annual Report for FY2019.

The Group continued its positive momentum as our revenue grew year-on-year to S$19.4 million. The Group's e-commerce sales grew more than 27.8%, due to its steady growth in the Singapore market and exponential growth in the Malaysia market. Additionally, the Group's Brand Partners portfolio grew to more than 280 brands, with the onboarding of notable brands including global sporting goods giant – Amer Sports, global beauty care giant – Henkel, Asia's biggest celebrity food brand – Chef Nic and Japanese multinational beauty brand – KOSÉ. The Group also on-boarded Samsonite Malaysia as its new brand partner, which marked its maiden foray into the Travel & Lifestyle e-commerce sector.

During the fiscal year, we have several exciting developments. We inked a partnership agreement with Singapore Post to provide on-demand warehousing and fulfilment solutions to SMEs in Singapore and Southeast Asia. In June, we partnered Weimob to enter China's social e-commerce market, a subset of e-commerce usually conducted via social network services, leveraging on our integrated cross-border e-Commerce and advertising solutions that will help SMEs in Southeast Asia to penetrate China's behemoth social e-Commerce market. Synagie has been appointed as a regional partner of Lazada in August 2019 and will provide marketing and other e-commerce-related services to Lazada and to provide services to manage and operate the e-commerce company's brand stores on its online marketplaces in Southeast Asia.

CEO's Message

The Group also deepened its presence in the Malaysia market, where we were appointed as the cross-border e-Commerce Initiative Partner by Malaysia Digital Economy Corporation ("MDEC") for Malaysia's National e-Commerce Strategic Roadmap. This partnership enables us to leverage on MDEC's nationwide network in Malaysia to offer our e-Commerce enablement solutions to businesses in Malaysia to accelerate the nation's e-Commerce adoption and increase its cross-border export revenue.

In November 2019, we were appointed as a partner by Enterprise Singapore to work on a development project, to help SMEs internationalise through e-commerce with our technological capabilities and regional network. We will continue to strengthen our value proposition by constantly innovating and offering integrated solutions to help our Brand Partners to effectively manage their online presence.

I would like to thank the Board for their guidance, and our partners and shareholders for their continued support for our initiatives. My appreciation also goes to the Synagie team whose unstinting commitment to bring the Company to the next level has helped sustain our growth record thus far.

LEE SHIEH-PEEN CLEMENT
CHIEF EXECUTIVE OFFICER

Financial Review

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

Revenue

The Group's revenue rose by 20.6% or S$3.3 million, from S$16.1 million in FY2018 to S$19.4 million in FY2019. This was primarily due to (i) our steady growth in Singapore e-commerce business segment and our growing traction in Malaysia e-commerce business segment, as a consequence of higher demand from online consumers for our Brand Partners' products; (ii) increase in the number of our Brand Partners to over 280 in FY2019.

Gross profit

The Group's gross profit increased by 25.5% or S$1.0 million, from S$4.0 million in FY2018 to S$5.0 million in FY2019. Gross profit margin improved to 26.0% in FY2019 mainly due to higher contribution of margins from our e-commerce business segment in FY2019.

Other income

Other income increased by 1,501.5% or S$3.0 million in FY2019 as compared to FY2018 mainly due to the reversal of contingent consideration of S$3.0 million.

Distribution costs & Administrative expenses

Distribution costs increased in FY2019 from S$0. 8 million in FY2018 to S$1.0 million in FY2019, mainly due to increase in sales volume in FY2019 as evidenced by an increase in the Group's revenue. Administrative expenses increased by 30.1% or S$3.0 million to S$13.0 million in FY2019 as compared to S$10.0 million in FY2018. The increase was mainly due to (i) growth in e-commerce business segment; (ii) increased staff costs of S$2.0 million due to regional expansion in the Philippines, Vietnam and Thailand; (iii) an increase of S$0.3 million and S$0.5 million in marketing expenses and warehouse handling expenses respectively.

Other operating expenses

Other operating expenses increased by 839.8% or S$2.4 million from S$0.3 million in FY2018 to S$2.7 million in FY2019, mainly due to (i) an impairment to goodwill amounting to S$1.2 million made; (ii) inventories written off, provision for stock obsolescence for damaged and expired goods, and an allowance for doubtful debts.

Finance costs

Finance costs decreased by S$0.6 million, largely attributed to the full amortisation of Convertible Notes issued in connection with our pre-IPO fund raising in FY2018.

Loss in FY2019

The loss for the year increased slightly by 14.4% or S$1.1 million to S$8.4 million in FY2019, mainly due to increase in other operating expenses of S$2.4 million, administrative expenses of S$3.0 million and distribution costs of S$0.2 million as a result of our regional expansion and business growth, which was partly offset by the reversal of contingent consideration of S$3.0 million, increase in gross profit of S$1.0 million and decrease in finance costs of S$0.6 million.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Current assets & Non-current assets

Current assets decreased by 37.4% or S$6.8 million, from S$18.2 million as at 31 December 2018 to S$11.4 million as at 31 December 2019, mainly attributed to decrease in deferred costs, as well as cash and cash equivalents of S$1.9 million and S$5.9 million respectively. Non-current assets decreased by 24.8% or S$1.1 million in FY2019 as compared to FY2018, mainly due to the impairment of goodwill amounting to S$1.2 million arising from the acquisition of Insurtech subsidiary.

Current liabilities & Non-current liabilities

Current liabilities decreased by 5.7% or S$0.6 million, from S$10.5 million as at 31 December 2018 to S$9.9 million as at 31 December 2019, mainly due to decrease in deferred revenue, which was partially offset by increase in trade and other payables. Non-current liabilities decreased by 88.8% or S$3.0 million, from S$3.4 million as at 31 December 2018 to S$0.4 million as at 31 December 2019, due to the reversal of contingent consideration payable arising from the acquisition of Insurtech subsidiary.

Financial Review

Equity

Capital contribution pending allotment of S$3.8 million mainly relates to the capital raised from shareholders during the rights issue exercise in November 2019. The allotment was completed on 2 January 2020.

REVIEW OF THE GROUP'S STATEMENT OF CASH FLOWS

Operating activities

The Group utilised approximately S$7.4 million in its operating activities in FY2019 as compared to S$4.6 million in FY2018, mainly due to operating losses before movement in working capital of S$8.0 million, adjusted for net working capital inflow of S$0.6 million and income taxes paid of S$24,000. The net working capital inflows were due to increase in inventories and payment made for trade and other payables of S$0.7 million and S$0.8 million respectively. This is partially offset by the decrease in trade and other receivables and deferred costs of S$2.1 million.

Investing activities

Net cash used in investing activities of S$0.4 million in FY2019 were mainly attributed to purchase of equipment of S$0.2 million and software development of S$0.2 million.

Financing activities

Net cash generated from financing activities of S$1.9 million in FY2019 was mainly due to net proceeds from the contribution from undertaking shareholders for the rights issue exercise in November 2019.

Board of Directors

LIM CHUAN POH

(NON-EXECUTIVE AND INDEPENDENT CHAIRMAN)

Mr Lim Chuan Poh graduated in 1978 with a Bachelor of Arts (Hons) in Engineering Science from Balliol College, Oxford University. He obtained his MSc in 1988 from Imperial College of Science & Technology on a Commonwealth Scholarship. Mr Lim spent more than 20 years in the Singapore Civil Service from 1980. Amongst his various appointments, Mr Lim of the Telecommunications Authority of Singapore (TAS) in 1994 and the Deputy Secretary of the Ministry of Communications in 1996. He was conferred the Public Administration Medal (Silver) at the 1996 National Day Awards by the Singapore government. Mr Lim left the Civil Service in 1998 to join Singapore Telecommunications Ltd ("**SingTel**") as Chief Executive (Fixed Lines & Internet Business). Thereafter, he held several key management positions including Chief Executive Officer ("**CEO**"), SingTel Mobile and CEO, International Business. He retired from SingTel in 2010. Currently, Mr Lim serves in various non-executive and advisory roles with organizations such as Nokia, Asurion, and SP Tel.

LEE SHIEH-PEEN CLEMENT

(EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER)

Mr Lee Shieh-Peen Clement is one of the founders and has been the CEO of our Group since inception in 2014. He is responsible for the general management and business development of our Group. Mr Lee has more than 20 years of experience in brand development and management in the entertainment and lifestyle industry. Mr Lee began his career in 1990 as a marketing executive at Inside Design Pte. Ltd. The next year, he started Foloca Design and was its sole proprietor up to 1992 when it was converted into a private limited company, Foloca Design Pte. Ltd. where he served as its Creative Director until 1994. From 1993 to 1996, he was appointed as Executive Director of the Kingfisher Group of Companies. In 1996, he was employed by Aslindo Holdings Pte. Ltd. and Club Beverly Pte. Ltd. as their respective General Managers. From 1998 to 2001, he was employed by APN Technologies Sdn. Bhd. as a Marketing Director. Mr Lee also served as Consultant of XA Alliance Pte. Ltd. in 2002 for a few months. In to 2003, he was employed by O2Labs as a Marketing Director and later joined LifePharm Pte. Ltd. ("**LifePharm**") as Senior Vice President of Brand Development in the same year. In 2004, LifePharm was listed as on the SGX-ST as Lifebrandz Ltd. and he was appointed as a Director in 2005 and subsequently served as its CEO from 2007 up to 2009, and as its Executive Chairman from 2009 up to 2013. Mr Lee subsequently served as the CEO and Executive Director of Avenza Pte. Ltd. ("**Avenza**"), from 2013 to 2015, where he was responsible for the Company's overall corporate strategies, brand and product development and management. Mr Lee obtained his GCE A Levels from Anglo-Chinese Junior College.

Board of Directors

TAI HO YAN
(EXECUTIVE DIRECTOR)

Ms Tai Ho Yan is one of the founders of our Group and is responsible for the operations of our e-commerce and e-logistics segments. She has 20 years of experience in the FMCG industry. She began her career at Johnson & Johnson Pacific Pty. Limited as a management trainee in 1998. She rose through the ranks, first being promoted in 2000 to National Sales Analyst, then subsequently in 2002 to Regional Sales Analyst of Johnson & Johnson Pte. Ltd. From 2005 up to 2007, she was employed by Johnson & Johnson Pte. Ltd ("**J&J Consumer**") as a Trade Marketing and Key Account Manager. In 2008, she was promoted to the position of Customer Marketing Manager of J&J Consumer. In 2009, she left J&J Consumer to join Bausch & Lomb (S) Pte. Ltd. as its Regional Customer Development Director. From 2011 up to 2014, she was employed by Watsons Singapore Pte. Ltd. as a Trading Director and led the Merchandising Department, Pharmacist Group and Space Management Team. Prior to joining our Group in 2014, she was the Managing Director of Avenza. At Avenza, she was responsible for developing strategy for health and beauty brands and was instrumental in the development of a sales and marketing plan for a new healthcare brand. Ms Tai graduated from the University of Wollongong with a Bachelor of Commerce in 1997.

ZANETTA LEE YUE (ZANETTA LI YU)
(EXECUTIVE DIRECTOR)

Ms Zanetta Lee Yue (Zanetta Li Yu) is in charge of our Group's growth, business development and corporate affairs as well as our Group's acquisitions, which includes the insurtech segment. Ms Lee started her career at DaimlerChrysler South East Asia Pte. Ltd. as an Assistant Manager, Strategy and Business Development in 2002, and was thereafter promoted to Manager in 2005. From 2006 up to 2015, she was the Regional Manager, General Distributor Markets, South and SE Asia of Daimler South East Asia Pte. Ltd. ("**Daimler**"), where she was responsible for managing Mercedes Benz general distributors in emerging markets in South and SE Asia, overseeing sales, marketing, competitor analysis and developing regional growth strategies for vehicle sales. After leaving Daimler in 2015, she joined our Group as Executive Vice-President, Growth. Ms Lee graduated from the London School of Economics with a Bachelor of Science in Economics & Management in 2002.

Board of Directors

KOH CHIA LING
(NON-EXECUTIVE AND INDEPENDENT DIRECTOR)

Mr Koh Chia Ling is currently the managing director of OC Queen Street LLC. Mr Koh began his legal career as a civil and commercial litigation associate in Bih Li & Lee LLP in 1998. He left Bih Li & Lee LLP in 2000 and joined Bird & Bird ATMD LLP (“**Bird & Bird**”) in 2001 as an associate, eventually rising to the position of equity partner. While at Bird & Bird, he handled a diverse range of portfolios, including intellectual property, telecommunications, media and technology, cybersecurity, privacy, risk and compliance. He left Bird & Bird in 2016 to join OC Queen Street LLC as Managing Director, the position he currently holds, responsible for controlling and overseeing all business operations of the law firm. In addition, Mr Koh has been an honorary expert panel member of both the Centre for Cross-Border Commercial Law in Asia, and the Centre for Artificial Intelligence & Data Governance, School of Law, Singapore Management University since 2018. He is also honorary legal advisor to the Association of Information Security Professionals (AISP) since 2018. In 2019, he was invited to sit as a member of Singapore Academy of Law’s Law Reform Sub-Committee on Smart Contracts. He is currently an Executive Director of OC Queen Street LLC, where he was appointed in 2016, as well as Osborne Clarke International, where he was appointed in 2018. Mr Koh was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1998. He has been an (ISC)2 Certified Information Systems Security Professional since 2005, a member of the Asian Patent Attorneys Association since 2017, and a member of the Association of Information Security Professionals since 2017. Mr Koh graduated in 1996 with a Bachelor of Laws (Hons) degree from the University of London in 1996, and earned a Master of Laws, Media, Communications and Information Technology Law from the University of New South Wales in Australia in 2000. He also earned a Master of Technology, Knowledge Engineering from the National University of Singapore in 2004.

CHUE EN YAW
(NON-EXECUTIVE AND INDEPENDENT DIRECTOR)

Mr Chue En Yaw is currently the Managing Director, Head of Private Equity Funds, of Azalea Investment Management Pte. Ltd. Mr Chue started his career at Arthur Andersen LLP as Staff Accountant in 1997 and was thereafter promoted to Senior in 1999. Between 2000 and 2008, he was the Director, Head of Fund Operations of JAFCO Investment (Asia Pacific) Ltd. From 2008 to 2010, he served as an Associate Director, Private Equity in the Principal Finance Department of Standard Chartered Bank. Mr Chue subsequently joined Temasek International Pte. Ltd. in 2010 where he was a Director, Private Equity Fund Investments until 2017. In 2018, he joined Azalea Investment Management Pte. Ltd., as its Managing Director, Head of Private Equity Funds. Mr Chue graduated from Nanyang Technological University with a Bachelor of Accountancy in 1997. He is a Chartered Accountant and a CFA Charterholder.

Executive Officers

JOHN CAI

(GROUP FINANCIAL CONTROLLER)

Mr John Cai is in charge of overseeing all aspects of finance and accounting functions within our Group. He graduated from SIM University of London in 2008 and started his career at Deloitte & Touche LLP ("Deloitte") as an Audit Associate. He was responsible for audits of local listed companies and multi-national corporations. He left Deloitte in 2013 and joined Oxley Holdings Limited as the Finance Manager where he supported the CFO and oversaw all aspects of finance and accounting functions within the group. In 2015, he left Oxley Holdings Limited and joined KTL Global Limited as the Financial Controller and in 2019, he joined our Group as its Group Financial Controller. He is a member of the Institute of Singapore Chartered Accountants.

QUEK WEI LING

(GENERAL MANAGER – REGIONAL, MNC)
(GENERAL MANAGER – VIETNAM)

Ms Quek Wei Ling, one of the pioneer team of our Group, is currently leading the Regional Team, that manages the Regional Brand Partners Accounts, and working in close partnership with our Regional E-commerce platform partners, building joint business plans, driving sales performance, growth and profitability. Key roles include new Regional Brand Partner acquisition, sharing of best practices and ensuring consistent deliverables to our Partners.

She continues to mentor the Vietnam team and oversees the operations of Synagie (Vietnam).

She first started her career as a pre-registration pharmacist at NTUC Healthcare Cooperative Ltd ("**NTUC Healthcare**") in 2003, before qualifying as a registered pharmacist in 2004 with Singapore Pharmacy board and working as retail pharmacist manager with NTUC Healthcare. In 2007, she was promoted to Buying Manager. In 2011, she left NTUC Healthcare to join Watsons Personal Care Stores Pte. Ltd. as a Merchandising Manager, where she led and managed the fast growing Health Category. In 2013, she took on the responsibility of managing Beauty Division, which included categories such as Cosmetics, Skincare and Haircare. She was subsequently promoted to Senior Merchandising Manager,

In 2014, she left Watsons and joined Avenza as its Head of Commercial, responsible for managing its brands and retail sales of products. In 2015, she left Avenza to join our Group as Head of Enterprise Content Management, where she worked with the team in the development of Beautiful.me website, and the subsequent Beautiful.me stores on the Singapore's leading marketplace channels, such as Qoo10, Lazada, Shopee and Redmart. She was subsequently promoted to become General Manager (Online Channel) in 2018, and continued to acquire new online Brand partners, and manage both business development and channel management teams to develop, execute and optimize performance-driven plans with our Brand Partners. In early 2019, she was appointed as General manager of Synagie (Vietnam) Company Limited overseeing the expansion of the company's footprint in Ho Chi Minh City, Vietnam.

Ms Quek graduated from the National University of Singapore with a Bachelor of Science in Pharmacy in 2003. She is a registered pharmacist and has been admitted to the Singapore Pharmacy Board since 2004.

Executive Officers

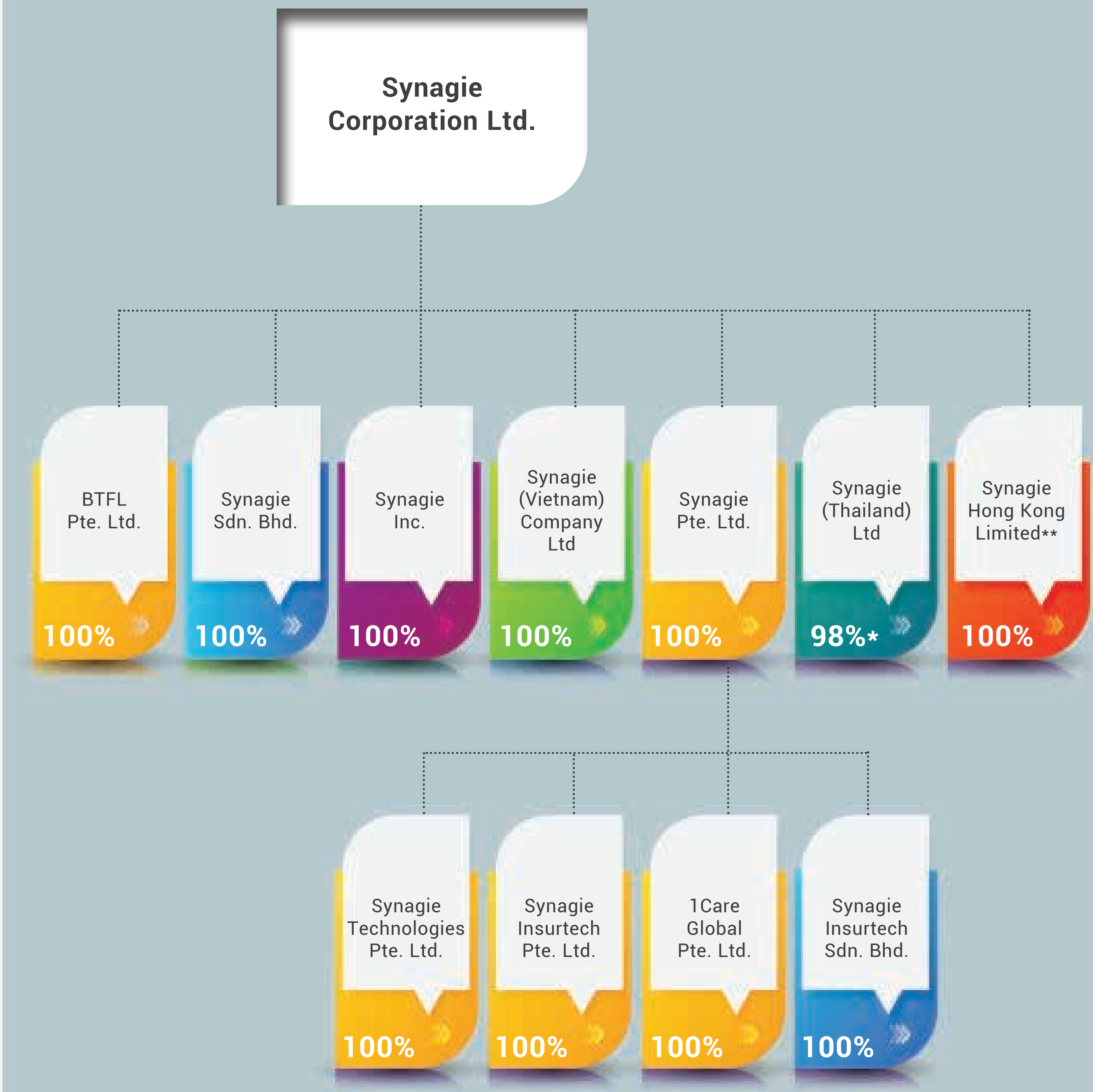
JAKE CHIA
(GENERAL MANAGER- SINGAPORE)

Mr Jake Chia is in charge of developing internal teams to create a value proposition chain for all our customers and e-tailers. He will also manage and enhance key accounts, as well as be in charge of bringing in new customers to drive revenue growth. Mr Chia started his career in Colgate Palmolive Singapore as a Management Trainee in 2010 where he was rotated across Customer Development (Sales) and Shopper Development (Trade marketing) functions. He then joined the L'Oreal Singapore in 2011 as a Key Account Manager, helping to reach double digit growth with all assigned clients and attaining the highest ever dollar sales for L'Oreal with all assigned customers during the incumbency. Thenceforth, he joined Kimberly Clark Singapore to develop the commercial team where his eventual position was Group Customer Development Manager, heading the Customer Development function. In 2017, Mr Chia left Kimberly Clark to join MAKE UP FOR EVER (division holding of LVMH) as the Brand General Manager and Regional Sales Manager where he led the restructuring of the local team, accelerated the business's profitability and led the regional penetration of the brand into market place e-commerce channel. In 2019, Mr Chia joined our Group as General Manager (Regional Strategic Customer). In 2020, Mr Chia was re-designated to become General Manager (Singapore). Mr Chia graduated from Nanyang Technological University with a Bachelor's of Business in 2010, majoring in Marketing.

ANNA THURAI
(OPERATIONS DIRECTOR)

Mr Anna Thurai is in charge of overseeing the operations of Insurtech Subsidiary. He has more than seven years of experience in operations management. He started his career in Hewlett Packard (Singapore) Pte. Ltd. as a customer service representative and supervisor in 1997. Between 1999 and 2010, he served in Teledirect Pte. Ltd. as a Client Services Manager. In 2011, he joined Insurtech Subsidiary as its Operations Director. He manages and leads backend service engagement and customer experience for various programmes. Mr Anna holds a Diploma in Business Administration and Marketing from TMC Academy Singapore, and a Professional Diploma in Training and Development from Singapore Training & Development Association.

Corporate Structure



* Synagie (Thailand) Ltd. has a total issued share capital of 100,000 shares, comprising of 49,000 ordinary shares and 51,000 preference shares. The Company owns 48,800 ordinary shares and has an effective voting rights of 97.6%.

** Synagie Hong Kong Limited was newly incorporated on 30 March 2020.

Corporate Information

BOARD OF DIRECTORS

MR LIM CHUAN POH
Non-Executive and Independent Chairman

MR LEE SHIEH-PEEN CLEMENT
Executive Director and Chief Executive Officer

MS TAI HO YAN
Executive Director

MS ZANETTA LEE YUE (ZANETTA LI YU)
Executive Director

MR CHUE EN YAW
Non-Executive and Independent Director

MR KOH CHIA LING
Non-Executive and Independent Director

COMPANY SECRETARY

MR LIM KOK MENG
24 Raffles Place
#20-03 Clifford Centre
Singapore 048621

AUDIT COMMITTEE

MR CHUE EN YAW (Chairman)
MR KOH CHIA LING
MR LIM CHUAN POH

REMUNERATION COMMITTEE

MR LIM CHUAN POH (Chairman)
MR CHUE EN YAW
MR KOH CHIA LING

NOMINATING COMMITTEE

MR KOH CHIA LING (Chairman)
MR CHUE EN YAW
MR LIM CHUAN POH

REGISTERED OFFICE

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Singapore 577178
Telephone Number (Singapore): +65 6755 7755
agm2019@synagie.com

BANKERS

UNITED OVERSEAS BANK
OVERSEAS-CHINESE BANKING CORPORATION LIMITED

SHARE REGISTRAR

RHT CORPORATE ADVISORY PTE. LTD.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

CONTINUING SPONSOR

RHT CAPITAL PTE. LTD.
9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619
Registered Professional: Mr Khong Choun Mun

AUDITORS

DELOITTE & TOUCHE LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Partner in-charge: Mr Adrian Chia Jet Wui
(Appointed with effect from 28 March 2018)

INVESTOR RELATIONS

GEM COMM PTE LTD
1 Temasek Avenue, Level 30,
Singapore 039192
connect@gem-comm.com

Corporate Governance Report

The Board of Directors (the "**Board**" or the "**Directors**") and the management team ("**Management**") of Synagie Corporation Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining a high level of corporate governance to promote greater transparency and safeguard the interests of shareholders, employees, and other stakeholders as well as to promote investors' confidence.

In accordance with Rule 710 of the Listing Manual – Section B: Rules of the Catalist (the "**Catalist Rules**"), this Corporate Governance report dated 31 March 2020 (the "**Report**") outlines the Company's corporate governance structures and practices that were in place during the financial year ended 31 December 2019 ("**FY2019**"), with specific reference made to the principles of the Code of Governance 2018 (the "**Code**"), to protect and enhance the interests and value of its shareholders.

The Company believes that it has substantially complied with the principles and guidelines as set out in the Code where appropriate. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

I. BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board's principal roles include promoting long-term shareholder value, setting the strategic direction and establishing goals for Management of the Company and its subsidiaries as well as ensuring proper observance of corporate governance practices. This includes setting the appropriate code of conduct and ethics as well as putting in place the desired organisational culture and tone, and to ensure proper accountability within the Group. In this regard, the Board oversees the business affairs of the Group and works with Management to achieve these goals for the Group.

The Board has put in place policies and procedures for dealing with conflict of interest. Where a Director faces a conflict of interest, he or she would recuse himself or herself from discussions and retrain from deciding on the issues of conflict. All Directors objectively discharge their duties and responsibilities as fiduciaries and make decisions in the best interest of the Group at all times.

In addition to statutory duties and responsibilities, the Board's duties, including the key matters to be approved by the Board are set out as follows:

(a) reviewing and approving key business and financial strategies (taking into consideration sustainability issues) and objectives of the Group;

(b) reviewing and approving major corporate and/or financial restructuring and/or share issuance;

(c) reviewing and approving annual budgets of the Group, major transactions, including acquisitions, divestments, investments and capital expenditure;

(d) reviewing and approving the annual report and audited financial statements;

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(e) reviewing and approving half yearly and full year annual results announcements;

(f) approving the nomination of Board members and the appointment of key management personnel;

(g) reviewing the performance of Management;

(h) providing guidance to the Management;

(i) ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

(j) ensuring that the Group has adequate internal controls, risk management, financial reporting and compliance as well as evaluating the same;

(k) ensuring the Group's compliance with laws, regulations, policies, directives and guidelines;

(l) establishing and maintaining the Company's values and standards and ensuring obligations to shareholders and others are understood and met;

(m) establishing and maintaining an ethical corporate culture that is reflective of the Company's values, standards, policies and practices and encouraging adherence to the Group's internal code of conduct;

(n) overseeing risk management strategies of the Group; and

(o) ensuring accurate, adequate and timely reporting to, and communication with shareholders and other key stakeholder groups.

To ensure smooth operations, facilitate decision-making as well as to ensure proper controls, the Board has delegated some of its powers to its committees and Management. In particular, the Board has set up three committees to assist it in discharging its duties in an effective manner. These three committees are the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**").

Each of the Board Committees is given specific responsibilities and they are empowered by the Board to deal with matters within the limits of authority set out in their respective terms of reference, which are reviewed on a regular basis by the Board. The AC is responsible for undertaking an independent review of the effectiveness of the financial reporting process and internal control systems of the Company and if required, to make the necessary recommendations to strengthen the necessary processes and controls to the Board. The NC is responsible for reviewing and making the appropriate recommendations to the Board on all board appointments and re-appointments while the RC is responsible for establishing and implementing a framework for remuneration of directors and key management personnel. Accordingly, the Board Committees facilitate the Board's oversight of the Group.

For the purposes of optimising operational efficiency, the Board has delegated the day-to-day operations to Management while reserving key matters (such as corporate restructuring, mergers and acquisitions, investments, acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's half yearly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends) for Board approval.

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Management in conducting the day-to-day operations of the Group will be guided by the internal guidelines (such as the approval limits for various expenditures, banking and treasury approval limits and authorised signatories as well as a Compliance Reporting Policy) that clearly set out the matters which must be approved by the Board. In addition, the Board is free to request for further clarification and information from Management on all matters within their purview.

Notwithstanding the above delegation of authority by the Board, the ultimate responsibility on all matters lies with the Board.

Generally, the Board convenes for scheduled meetings at least twice a year, and ad-hoc meetings will be arranged when required (for example to consider proposed corporate actions by the Company or to review corporate action documents). If the Directors are unable to physically attend the Board meetings, such meetings may be conducted via telephone conference, video conference, audio visual or by means of a similar communication equipment where all the Directors participating in the meeting are able to hear each other. In addition, decisions of the Board and the Board Committees may also be obtained through circular resolutions.

Directors' attendance at the Board and the Board Committee meetings during FY2019 and up to the date of this Report is as follows:

Name of Director	Board	Audit	Nominating	Remuneration
Number of Meetings held				
	7	4	2	2
PRESENT DIRECTORS				
Number of Meetings attended				
Lim Chuan Poh	6	4(2)	2	2
Lee Shieh-Peen Clement	7	4*	2*	2*
Tai Ho Yan	7	4*	2*	2*
Zanetta Lee Yue (Zanetta Li Yu)	7	4*	2*	2*
Chue En Yaw	6	4	2(3)	2
Koh Chia Ling	7	4	2	2
PAST DIRECTORS				
Number of Meetings attended				
Chua Hwee Song(1)	6	3	1	1

* By invitation

Notes:

(1) Mr Chua Hwee Song resigned as a Non-Executive and Independent Director of the Company with effect from 24 January 2020.

(2) Mr Lim Chuan Poh had attended three Audit Committee Meetings as an invitee and one meeting in his capacity as a member pursuant to his appointment as a member of the Audit Committee which took effect from 25 January 2020.

(3) Mr Chue En Yaw had attended one Nominating Committee meeting as an invitee and one meeting in his capacity as a member pursuant to his re-designation as a member of the Nominating Committee which took effect from 25 January 2020.

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To enable the Directors to better understand the Group's business as well as for them to discharge their respective duties, Management will provide regular business updates to the Directors during board meetings. In addition, in order to ensure that each Director is able to contribute in a meaningful manner during Board meetings, Management provides the members of the Board with relevant background information and documents relating to the items of business to be discussed at each Board meeting, such as copies of disclosure documents, budgets, forecasts and internal financial statements, before the meetings.

Key information relating to the Company's operations and finances are also circulated to the Board via email in a timely manner so that the Directors may monitor the Company's performance as well as the Management's fulfilment of goals and objectives set by the Board.

Further to the above, the Directors are also regularly briefed by the Management on the business activities of the Company as they are responsible for the Company's strategic directions as well as its corporate practices. Accordingly, such briefings by Management allow the Directors to stay up to date on the day-to-day implementation of such strategic directions and corporate practices.

To ensure that the Directors are able to consistently develop and maintain their skills and knowledge, the Company encourages its Directors to attend courses and seminars. The Company relies on and encourages its Directors to update themselves on, *inter alia*, new laws, regulations and changing commercial risks in the industry. Accordingly, information on courses or seminars in relation to the roles and responsibilities as a director of a listed company as well as revisions to laws or regulations (which are applicable to the Company) are disseminated to Directors.

The Company also has in place orientation programmes for newly-appointed Directors to ensure that they are familiar with the Group's structure, the Group's business, and its operations. New Director(s) will be expected to undergo orientation with the Company which includes meeting with the Chairman and/or the Executive Director(s) for an introduction to the business of the Company. Newly appointed Directors are encouraged to attend formal courses to familiarise themselves with the regulatory environment in Singapore and the roles and responsibilities as a director of a listed company.

As at the date of this Report, there are no newly appointed Directors. The existing Directors have undergone the orientation programme when they were first appointed. In addition, the existing Directors have also attended a formal course on compliance, regulatory and corporate governance matters. Further to this, the external auditors will also brief the AC members on the developments in accounting standards (where applicable) during AC meetings whilst the Company Secretary periodically updates the Board on any changes in the regulatory environment in Singapore as well as those pertaining to the roles and responsibilities of a director of a listed company.

Complementing the existing orientation programme and periodic updates on the developments in accounting standards and any changes in the regulatory environment in Singapore as well as those pertaining to the roles and responsibilities of a director of a listed company, the Directors also have separate and independent access to the Management of the Company, including the Chief Executive Officer ("**CEO**"), and Group Financial Controller ("**Group FC**") as well as Company Secretary of the Company.

The Company Secretary and/or representatives from the Company Secretary's office attends all meetings of the Board and the Board Committees and prepares the minutes of such meetings. The minutes of such meetings are then circulated to the Board and the Board Committees, as the case may be. The Company Secretary also advises the Board on governance matters and ensures that the procedures for such meetings are in accordance with the Constitution and terms of reference and all applicable rules and regulations (including the requirements of the Singapore Companies Act, Cap. 50 and the Catalist Rules) are complied with.

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Further to the above, the Company Secretary helps to facilitate communications within the Board and the Board Committees and between Management and the Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Company allows Directors to take independent professional advice on matters affecting the Company, and such costs will be borne by the Company. In addition, Directors have, at all times, unrestricted access to the Company's records and information, Management and the Company Secretary.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

As at the date of this Report, the Board comprises of the following Directors:

Name of Directors	Designation
Lim Chuan Poh	Non-Executive and Independent Chairman
Lee Shieh-Peen Clement	Executive Director and CEO
Tai Ho Yan	Executive Director
Zanetta Lee Yue (Zanetta Li Yu)	Executive Director
Chue En Yaw	Non-Executive and Independent Director
Koh Chia Ling	Non-Executive and Independent Director

Further information about the profiles of the Directors are set out on pages 10 to 12 of this Annual Report.

The Board, through the NC, reviews the size and composition of the Board to ensure that the size and composition of the Board is conducive for the purposes of effective discussion and decision-making. In addition, the Board, through the NC, also ascertains whether the Board has an appropriate mix of expertise, skill, knowledge, experience and gender diversity, and whether the Board collectively possesses the necessary core competencies required for the purposes of ensuring that it is able to function effectively and to make informed decisions for the Company. Based on these requirements, the Board is of the opinion that, for FY2019, its current board size and composition is reasonably effective and efficient considering the nature, scope and size of the Group's business operations.

In addition, the NC is of the view that the Board possesses adequate core competencies in areas such as accounting, finance or legal, business or management experience, industry knowledge, strategic planning experience and experience or knowledge that are relevant to the direction of the expansion of the Group. As at the date of this Report, the current Board comprises of two female Directors and four male Directors with an age group ranging from 43 to 65 years old.

Further to the above, the NC also reviews the independence of each Non-Executive and Independent Director annually. In ascertaining the independence of each Non-Executive and Independent Director, the NC has adopted the guidelines in the Code as well as Rule 406(3)(d) of the Catalist Rules (collectively, the "**Independence Criteria**") of what constitutes an independent director in its review of the independence of each Director. In this regard, after conducting a review, the NC is satisfied that there are no relationships identified by the Code which would deem any of them not to be independent.

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As the Non-Executive and Independent Chairman is not the same person as the CEO and not an immediate family member of the CEO or part of the Management team, it is not a requirement for the Independent Directors to make up majority of the Board.

As at the date of this Report, the Board notes that Non-Executive Directors do not make up a majority of the Board as three of the six Directors are Non-Executive and Independent Directors. Notwithstanding this, the Board wishes to highlight that it is of the view that the chairing of the Board Committees by the Non-Executive and Independent Directors ensures a sufficient balance of power and authority in the Board. As such, the Board is of the view that such composition of Independent Directors is sufficient to ensure objectivity and independence in the Board's decision-making. In addition, the Board notes that the Non-Executive and Independent Directors are experienced professionals with diverse expertise and skills, including strategic planning, management, legal, financial and accounting experience. Accordingly, the combined wealth and diversity of expertise and skills of all the Directors enable them to contribute effectively to the strategic growth and governance of the Group.

Further to the above, the Non-Executive and Independent Directors constructively challenge Management and participate in setting strategies and goals for the Company. They also review and monitor Management's performance in the implementation of the agreed strategies and goals. Where necessary, the Non-Executive and Independent Directors conduct meetings amongst themselves without the presence of Management.

In light of the foregoing, the Board and the NC are of the view that the Board can exercise independent judgement on corporate affairs and that no one individual or group(s) of individuals dominates any decision-making process. There is currently no Independent Director who has served on the Board for more than nine years.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The positions of the Chairman of the Board and CEO are separately held by two persons in order to maintain effective checks and balances. This promotes greater accountability from Management and allows the Board to exercise its independence in its oversight of and deliberations with Management. There is a clear separation of the roles and responsibilities between the Non-Executive and Independent Chairman and the CEO.

The Chairman of the Board is responsible for the overall management of the Board and has the following responsibilities:

(a) leading the Board, ensuring its effectiveness in all aspects of its role, and setting out its agenda;

(b) ensuring that the Directors receive complete, adequate, accurate, timely and clear information;

(c) critiquing key proposals by Management before they are presented to the Board;

(d) ensuring effective communication with shareholders;

(e) encouraging constructive relations between the Board and Management;

(f) facilitating the effective contribution of the Non-Executive and Independent Directors towards the Company;

(g) encouraging constructive relations between the Executive Directors and Non-Executive and Independent Directors; and

(h) promoting high standards of corporate governance.

The CEO has full executive responsibilities over the business direction and operational decisions in the day-to-day management of the Group. In this regard, the CEO's responsibilities pertaining to the Board include the following:

(a) scheduling meetings that enable the Board to perform its duties responsibly;

(b) preparing meeting agendas in consultation with the Non-Executive and Independent Chairman;

(c) ensuring quality, quantity and timeliness of the flow of information between the Management and the Board; and

(d) assisting to ensure compliance with the Company's guidelines on corporate governance.

The Chairman of the Board and CEO are not immediate family members. Given that the roles of the Chairman of the Board and CEO are separate as well as the fact that the Chairman is independent, no lead independent Director is required to be appointed.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Company has established the NC which is guided by the terms of reference that has been approved by the Board. As at the date of this Report, the NC comprises of three (3) members all of whom, including its Chairman, are Non-Executive and Independent Directors. The members of the NC are:

(a) Koh Chia Ling (Chairman)	Non-Executive and Independent Director
(b) Lim Chuan Poh	Non-Executive and Independent Director
(c) Chue En Yaw *(appointed as a member on 25 January 2020)*	Non-Executive and Independent Director

The NC is responsible for the following:

(a) making recommendations to the Board on all board appointments, including re-nominations, through a formal and transparent process which takes into account the director's contribution and performance (for example, attendance, preparedness, participation and candour);

(b) determining annually whether or not a director is independent based on the Independence Criteria;

(c) in respect of a director who has multiple board representations in various companies, deciding whether or not such director is able to and has been adequately carrying out his/her duties as director, having regard to the competing time commitments that are faced when serving on multiple boards;

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(d) reviewing and approving any new employment of related persons and the proposed terms of their employment;

(e) reviewing the directors' mix of skills, experience, core competencies and knowledge of the Company and its subsidiaries that our Board requires to function competently and efficiently;

(f) reviewing succession plans for the Executive Directors and the key management personnel;

(g) reviewing the training and professional development programs for the Board;

(h) determining and recommending to the Board the maximum number of listed company board representations which any director may hold and disclosing this in the Company's annual report; and

(i) deciding how the Board's performance is to be evaluated and proposing objective performance criteria, subject to the Board's approval, which address how the Board has enhanced long term shareholders' value. The Board will also implement a process to be proposed by the Board Committees for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual director to the effectiveness of the Board (if applicable).

In the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC will review the proposed changes and will make the appropriate recommendations to the Board. In addition, the NC is also responsible for ensuring that the membership of the Board is refreshed progressively and in a systematic manner, to avoid losing institutional knowledge. The NC also reviews the succession plans for the key management personnel.

The NC recognises the importance of succession planning as part of corporate governance. Accordingly, in order to ensure that there is a progressive and systematic renewal of the Board and key management personnel, it has put in place an internal process for succession planning for the Chairman, Directors, the CEO and the key management personnel. In this regard, the NC will, in consultation with the Board and the Company's professional advisors, examine the existing strengths, and capabilities of the existing Board and the key management personnel. In addition, the NC will also consider the contributions (such as the skills, knowledge and experience) of the existing Directors and the key management personnel as well as taking into account the future needs of the Company. Through this process, the NC, together with the Board, will seek candidates, either through recommendations made by existing Directors or through the Company's professional advisors, who are able to contribute to the Company. Once the appropriate candidates have been identified, at least two members of the NC will conduct interviews with the potential new Director or key management personnel before recommending their appointments to the Board for approval. If the proposed appointments are approved by the Board, announcements relating to their appointment will subsequently be released via SGXNET.

To ensure that new Directors are aware of their duties and obligations, a formal letter of appointment explaining their duties and obligations as Director is provided to every new Director upon appointment. The formal letter of appointment sets out the time commitment required of the Director and the Director's roles and responsibilities, including disclosure requirements and best practices relating to dealings in securities under applicable laws and regulations.

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Further to this, the NC is also tasked with assessing the independence of Independent Directors. This review is done annually, and as and when the circumstances require. Annually, each Independent Director is required to complete a Director's Independence Checklist (the "**Independence Checklist**") to confirm his independence. The Independence Checklist is drawn up based on the Independence Criteria. Thereafter, the NC reviews the Independence Checklist completed by each of the Non-Executive and Independent Directors and assesses their independence prior to recommending its assessment to the Board. The Non-Executive and Independent Directors have confirmed their independence in accordance with the Independence Criteria for FY2019. The Board, after taking into account the views of the NC and having considered the confirmations of independence provided by the Non-Executive and Independent Directors, is of the view that Mr Lim Chuan Poh, Mr Chue En Yaw, and Mr Koh Chia Ling are independent.

As the ability to commit time and attention to the Group's affairs is essential for the individual Director's contribution and performance, the NC has considered the number of listed directorships each of its Directors can hold after taking into considerations factors such as the expected and/or competing time commitments of the Directors, the size and composition of the Board as well as the nature and scope of the Group's operations and size.

Based on the Directors' contributions at meetings of the Board and the Board Committees as well as their time commitment to the affairs of the Company, the Board believes that at present, it would not be meaningful to define the maximum limit on the number of listed company board representations and other principal commitments which any Director may hold, and has instead tasked the NC to review if a Director with multiple board representations is devoting sufficient time and attention to the affairs of the Company.

After conducting the annual reviews, the NC is satisfied that the current Directors have been able to devote adequate time and attention to the affairs of the Company and that they are able to satisfy their duties as Directors of the Company. In addition, as at the date of this Report, the Company does not have any alternate directors. Notwithstanding this, the NC would, from time to time, continue to review the number of board representations and other principal commitments of each Director to ensure that the Directors are able to continue to meet the demands of the Group and to discharge their duties adequately.

With regard to the retirement and re-election of Directors at every Annual General Meeting ("**AGM**"), the Company's Constitution provides that all Directors are to submit themselves for re-nomination and re-election at least once every three years and at least one-third of the Directors to retire from office by rotation. If new directors are appointed during the year, they would be subject to retirement and re-election at the forthcoming AGM of the Company. The NC is responsible for the nomination of retiring Directors for re-election. In determining the nomination of a Director for re-election, the NC takes into account the composition and progressive renewal of the Board, and the competency, performance and contribution of the Director including his/her attendance, preparedness and participation at Board and Board Committees meetings. A Director's time and effort accorded to the Company's business and affairs will also be considered.

Ms Tai Ho Yan and Ms Zanetta Lee Yue (Zanetta Li Yu) (the "**Retiring Directors**") are required to retire pursuant to Regulation 108(1) of the Company's Constitution at the forthcoming AGM. In this regard, after assessing the contributions of the Retiring Directors, the Board has accepted the NC's recommendation that the Retiring Directors, who have given their consent for re-nomination and re-election at the forthcoming AGM of the Company, be put forth for re-nomination and re-election.

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Information, as set out in Appendix 7F of the Catalist Rules, relating to the Retiring Directors who are retiring and offering themselves for re-election at the upcoming AGM can be found in the "Disclosure Of Information On Directors Seeking Re-Election" on pages 117 to 123 of the Annual Report.

A list of directorships of the Directors of the Board in listed companies, the principal commitments of each Director, as well as their interests in the Company and related corporations (if any) as at the date of this Report is set out below:

Name of Directors	Directorship in Listed Company		Principal Commitments	Shareholding in the Company and related corporation	
	Present	Past Preceding three years		Direct	Indirect
Lim Chuan Poh	Synagie Corporation Ltd.	Yinda Infocomm Limited (resigned on 14 June 2018)	Director of SPTel Pte. Ltd.	Nil	Nil
Lee Shieh-Peen Clement	Synagie Corporation Ltd.	Nil	Executive Director and CEO of Synagie Corporation Ltd.	Nil	71,373,669 ordinary shares[(1)]
Zanetta Lee Yue (Zanetta Li Yu)	Synagie Corporation Ltd.	Nil	Executive Director of Synagie Corporation Ltd.	10,592,190 ordinary shares	Nil
Tai Ho Yan	Synagie Corporation Ltd.	Nil	Executive Director of Synagie Corporation Ltd.	9,056,250 ordinary shares	Nil
Koh Chia Ling	Synagie Corporation Ltd.	Nil	(a) Managing Director of OC Queen Street LLC; and (b) Director of Osborne Clarke International Services Limited	Nil	Nil
Chue En Yaw	Synagie Corporation Ltd.	Nil	Managing Director, Head of Private Equity Funds of Azalea Asset Management Pte. Ltd.	1,481,481 ordinary shares	Nil

Note:

(1) Mr Lee Shieh-Peen Clement is the sole beneficial owner of Metadrome Ltd. Accordingly, Mr Clement Lee is deemed interested in 71,373,669 shares held by Metadrome Ltd. by virtue of Section 7 of the Companies Act.

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PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

The Board has in place a process carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees and each individual Director. For FY2019, the Board has also adopted Directors' peer evaluation, for individual Directors to assess each Director's contribution to the Board.

In assessing the performance and effectiveness of the Directors in fulfilling their duties, the NC takes into account, *inter alia*, the general commercial knowledge, specific industry experience, political and social knowledge of the countries that the Group operates in, attendance at Board or Board Committees (whether in-person or via teleconference), availability at all reasonable times as well as the degree of participation at Board and Board Committees meetings, quality of interventions or difference of opinion expressed, and any special contributions of each Director. The NC also considers whether the Director has a reasonable understanding of the Company's business and the industry, the Director's working relationship with the other members of the Board, as well as feedback from other Directors.

In assessing the performance and effectiveness of the Board and its Board Committees, the NC takes into account, among other factors, the Board Committees' and the Board's ability to work with the senior management of the Company, the discussions and due deliberations of the Board and the Board Committees, and whether objectives and targets set at the commencement of the relevant financial years have been met. For the avoidance of doubt, reviews of each individual Board member's performance and effectiveness, as well as the performance and effectiveness of the Board and the Board Committees are undertaken on a continuous basis by the NC with inputs from the various Board members.

After evaluation, the NC has considered the performance and effectiveness of each individual Director and the Board as a whole, to be satisfactory in respect of FY2019. The Board as a whole considered the performance of the NC to be satisfactory. For the avoidance of doubt, each member of the NC abstains from voting on any resolution in respect of the assessment of his own performance or re-nomination as Director.

No external facilitator was engaged in FY2019. If required, the NC has full authority to engage external facilitator to assist with the evaluation process.

II. REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Company has established the RC which is guided by the terms of reference that has been approved by the Board. As at the date of this Report, the RC comprises of three (3) members all of whom, including its Chairman, are Non-Executive and Independent Directors. The members of the RC are:

(a)	Lim Chuan Poh (Chairman)	Non-Executive and Independent Director
(b)	Koh Chia Ling	Non-Executive and Independent Director
(c)	Chue En Yaw	Non-Executive and Independent Director

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The primary function of the RC is to advise the Board on compensation matters. The RC establishes remuneration policies that are in line with the Group's business strategies and risk policies as well as long-term interests of the Group and its shareholders, with a view to ensuring that the remuneration packages are sufficiently competitive to attract, retain and motivate Directors and the key management personnel with the appropriate experience and expertise.

The responsibilities and principal functions of the RC, as set out in its terms of reference, include the following:

(a) recommending to the Board a framework for remuneration for the directors and executive officers, and determining specific remuneration packages for each executive director and any CEO (or executive of equivalent rank), if a CEO is not an executive director, such recommendations to be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to salaries, allowances, bonuses, the contingent awards of shares in the Company granted or which may be granted pursuant to its performance share plan, the options to be issued under the Company's employee share option scheme and benefits in kind;

(b) in the case of service contracts for any director or executive officer, considering what are the appropriate compensation commitments set out in service contracts for the directors and the key management personnel in the event of early termination. This is done for the purposes of ensuring that the compensation commitments are fair and to avoid rewarding poor performance; and

(c) in respect of any long-term incentive schemes including share schemes as may be implemented, considering whether any director should be eligible for benefits under such long-term incentive schemes.

As part of its review, the RC will take into consideration the salary and employment conditions of similar roles within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the Group CEO and key management personnel. This remuneration framework is recommended by the RC to the Board to ensure that the structure is competitive and sufficient to attract, retain and motivate the Executive Directors and the key management personnel to run the Company successfully in order to maximize shareholder value.

There is a formal and transparent procedure for fixing the remuneration packages of the Directors. No individual Director is involved in deciding his/her own remuneration. In addition, each member of the RC abstains from making any recommendation on or voting on any resolution in respect of his/her own Director's fees payable to them, except for providing information and documents specifically requested by the RC to assist it in its deliberations. Further to this, with regard to the remuneration of other key management personnel, the RC reviews proposals which are made by the Executive Directors. The remuneration policy for the key management personnel is guided by the National Wage Council guidelines, and takes into consideration the Company's performance, long-term interest and risk policies, as well as the responsibilities and performance of individual key management personnel. The latter is measured by goals and objectives set for each key management personnel in congruence with the Company's overall goals and objectives.

The RC will also review the terms and conditions of the respective service agreements of the Executive Directors as well as the key management personnel before their execution. In the course of such review, the RC will consider, in particular, the Group's obligations arising in the event of termination of any of the Executive Directors and the key management personnel. This is to ensure that the service agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance. In this regard, the RC has reviewed the terms of the service agreements for the Executive Directors and they are of the view that the Executive Directors have service agreements which include fair and reasonable terms for termination under appropriate notice and these service agreements are in line with market practices and are not overly generous.

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The RC is entitled to seek expert remuneration advice from external consultants whenever required. However, no external consultant was engaged in FY2019.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

As stated in Principle 6 above, the RC has established remuneration policies that are in line with the Group's business strategies and risk policies as well as the long-term interests of the Group and its shareholders. These remuneration policies have also been established in a manner that ensures that the remuneration packages are sufficiently competitive to attract, retain and motivate Directors and the key management personnel with the appropriate experience and expertise.

Accordingly, in relation to the Executive Directors and the key management personnel, the RC is of the view that, in order to foster the creation of long-term shareholder value, a meaningful portion of their compensation should be contingent upon the financial performance of the Group. In connection thereto, the remuneration of the Executive Directors and the key management personnel primarily comprise of a basic salary component and a variable component (which is inclusive of bonuses and other benefits) that is pegged to the financial performance of the Group.

Further to this, some of the performance related elements of remuneration that the RC has at its disposal are the Synagie Employee Share Option Scheme ("**Synagie ESOS**") and the Synagie Performance Share Plan ("**Synagie PSP**"), which were adopted by the Company on 25 July 2018. The Synagie ESOS and Synagie PSP are administered by the RC and these performance related elements of remuneration have been designed to align the interests of Directors, Management and staff with those of shareholders and to link their rewards to corporate and individual performance. These schemes provide an additional tool for the Company to reward, retain and motivate a core group of Directors, executives and employees so as to build sustainable businesses in the long term.

Details of the Synagie ESOS and the Synagie PSP can be found on pages 43 to 45 of the Annual Report in the Directors' Statement. In FY2019, the Company granted an aggregate of 3,061,696 share awards to its employees under the Synagie PSP and no share awards were granted to the Directors under the Synagie PSP. No share options were granted to any employees and Directors under the Synagie ESOS in FY2019.

With regard to the remuneration of the Non-Executive and Independent Directors, the Non-Executive and Independent Directors receive basic directors' fees and additional fees for serving as a Chair of any of the Board Committees. For the avoidance of doubt, the Executive Directors do not receive directors' fees. The RC, in assessing the remuneration of the Non-Executive and Independent Directors, will take into account factors such as time spent and the responsibilities of the Non-Executive and Independent Directors, the current market circumstances, long-term interests and risk policies of the Company, and the need to attract directors of experience and standing. The Non-Executive and Independent Directors' fees are compared against market standards to ensure that they are in line with market norms and to ensure that their independence is not compromised. In addition, payment of Directors' fees is subject to approval by the shareholders at the AGM of the Company.

Corporate Governance Report

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration framework is based on policies which are aligned with the interests of shareholders and to support the Group's business with the aim of retaining key capabilities, provide sound and structured funding of remuneration in ensuring affordability and sustainable value creation. Competitive remuneration packages are offered to attract and retain experienced individuals. The remuneration policies, the procedures for setting remuneration and the relationships between remuneration, performance and value creation are described in Principles 6 and 7 above.

Details of remuneration for the Directors and key management personnel in FY2019 are set out in the table below. Disclosure of the same is also made in Note 6 to the financial statements.

	Salary and bonus %	Directors' Fees %	Other Benefits[1] %	Total %
Executive Directors				
Between S$300,001 to S$400,000				
Lee Shieh-Peen Clement	100	–	–	100
Tai Ho Yan	100	–	–	100
Between S$200,001 to S$300,000				
Zanetta Lee Yue (Zanetta Li Yu)	100	–	–	100
Non-Executive and Independent Directors				
S$100,000 and below				
Lim Chuan Poh	–	100	–	100
Chua Hwee Song[2]	–	100	–	100
Koh Chia Ling	–	100	–	100
Chue En Yaw	–	100	–	100
Key management personnel				
Between S$200,001 – S$300,000				
Chia Seng Lum	100	–	–	100
Quek Wei Ling	61	–	39	100
Between S$100,001 – S$200,000				
Anna Thurai s/o Alagappan	100	–	–	100
Jenny Tay Lee Wee[3]	79	–	21	100
S$100,000 and below				
Cai Jingren, John[4]	100	–	–	100

Corporate Governance Report

Notes:

(1) Other benefits, where applicable, include granting of share options under the Synagie ESOS and granting of awards under the Synagie PSP.

(2) Mr Chua Hwee Song resigned as a Non-Executive and Independent Director of the Company with effect from 24 January 2020.

(3) Ms Jenny Tay Lee Wee resigned as the Group FC of the Company with effect from 30 September 2019.

(4) Mr Cai Jingren, John was appointed as the Group FC of the Company with effect from 30 September 2019.

The Company believes that disclosures in relation to the aggregate remuneration of the respective Directors and key management personnel may be prejudicial to its business interests given the highly competitive and niche industry that it is operating in. Accordingly, in order to prevent competitors from knowing salaries offered by the Company to its Directors and the key management personnel, the Company has instead disclosed the remuneration for its Directors and the key management personnel in percentage terms and in bands of S$100,000 (with a breakdown of the components in percentage).

Further to the above, the Company confirms that in FY2019 there were no termination, retirement and post-employment benefits granted to the Directors and key management personnel. In addition, no performance bonuses were paid to the Executive Directors. Notwithstanding this, certain key management personnel were issued shares under the Synagie PSP as a recognition of their performances as well as for the purposes of retaining their services. In this regard, in accordance with the rules of the PSP, none of the key management personnel that received shares issued under the Synagie PSP received 5% or more of the total number of shares available under the Synagie PSP.

Save as disclosed, none of the employees in the Company or any of its principal subsidiaries whose remuneration exceeds S$100,000 during the year is an immediate family member of a Director, the CEO or substantial shareholder of the Company or any of its principal subsidiaries. For the purposes of Rule 704(10) of the Catalist Rules, the Company confirms that Mr Lee Shieh-Peen Clement and Ms Zanetta Lee Yue (Zanetta Li Yu) are siblings and they are both Executive Directors of the Company. In this regard, the information about their family relationship, their roles and responsibilities in the Company, and the year in which they hold their existing positions are set out in the table below:

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lee Shieh-Peen Clement	51	Sibling of Zanetta Lee Yue (Zanetta Li Yu) (Executive Director)	CEO and Executive Director of the Group since 2017. He is responsible for the general management and business development of the Group.	Not applicable
Zanetta Lee Yue (Zanetta Li Yu)	44	Sibling of Lee Shieh-Peen Clement (CEO and Executive Director)	Executive Director of the Group since 2018. She is in charge of the Group's growth, business development and corporate affairs as well as overseeing the insurtech business segment.	Not applicable

Corporate Governance Report

III. ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board is responsible for the Group's overall internal control framework and the AC is responsible for ensuring that Management complies with the Company's risk management framework and policies. In this regard, the Board, through the AC, ensures that the Management regularly reviews and improves the Group's internal controls and implements effective risk management policies to control and mitigate any identified areas of significant business and operational risks so as to safeguard shareholders' interest and the Company's assets. The internal controls in place will address the compliance, financial, information technology, operational risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, that there is maintenance of proper accounting records, that financial information is reliable and that assets are safeguarded.

Having considered the Company's business operations and taking into account its nature, scope and scale, as well as the existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being. Notwithstanding this, the Board recognises that all risk management and internal control systems contain inherent limitations and that no internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risks of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against misstatements or losses. Further to this, the Board also notes that there is no risk management and internal controls system that could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Board has received assurance from the CEO and Group FC that the financial records of the Group for FY2019 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. In addition, the CEO and the key management personnel have also given assurance to the Board that the risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks.

Corporate Governance Report

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an AC which discharges its duties objectively.

The Company has established the AC which is guided by the terms of reference that has been approved by the Board. As at the date of this Report, the AC comprises of three (3) members all of whom, including its Chairman, are Non-Executive and Independent Directors. The members of the AC are:

(a) Chue En Yaw (Chairman) *(Re-designated as Chairman on 25 January 2020)*	Non-Executive and Independent Director
(b) Lim Chuan Poh *(appointed as a member on 25 January 2020)*	Non-Executive and Independent Chairman
(c) Koh Chia Ling	Non-Executive and Independent Director

The AC as a whole have many years of experience in senior management positions and relevant accounting or related financial management expertise or experience. The Board is of the view that collectively, the AC members, having accounting and related financial management expertise and experience, are appropriately qualified to discharge their responsibilities. None of the committee members of the AC are former partners or directors of the Company's existing audit firm:

(a) within a period of two years commencing on the date of their ceasing to be a partner of the audit firm; and

(b) for as long as they have any financial interest in the auditing firm.

The AC will assist the Board of Directors in discharging its responsibility to safeguard the assets of the Company, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an adequate and effective control environment in the Company. In this regard, the responsibilities of the AC include the following:

(a) reviewing the audit plan, the audit report, the management letter and the management's response with the external auditors;

(b) reviewing with the internal audit plan and the evaluation of the adequacy of the Company's internal control and accounting system with the internal auditors before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;

(c) reviewing the financial statements and financial results before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(d) reviewing the internal control procedures and ensuring co-ordination between the external auditors and the management, reviewing the assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

Corporate Governance Report

(e) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(f) reviewing annually the scope and results of the external audit and its cost effectiveness and the nature and extent of non-audit services (if any) to the Company as well as the independence and objectivity of the external auditors;

(g) reviewing the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls) and to report to the Board annually;

(h) reviewing the scope and results of the internal audit procedures including the effectiveness of the internal audit functions and ensuring that such function is adequately resourced and has appropriate standing within the Company;

(i) reviewing and approving interested person transactions and reviewing procedures thereof;

(j) reviewing arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

(k) reviewing potential conflicts of interest (if any) and setting out a framework to resolve or mitigate any potential conflicts of interests;

(l) conducting periodic review of foreign exchange transactions and hedging policies (if any) undertaken by the Group;

(m) considering the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(n) reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, as amended, modified or supplemented from time to time, including such amendments made thereto from time to time;

(o) undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the Board Committees;

(p) overseeing the design and implementation of the overall risk management systems and internal control systems (including financial, operational, compliance and information technology controls);

(q) reviewing at least annually the Group's key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual report of the Company or, where the findings are material, to announce such material findings immediately via SGXNET; and

(r) generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Corporate Governance Report

The Board has delegated to the AC the authority to investigate any matter within its terms of reference. The AC has full access to and the cooperation of Management. It has full discretion to invite any Director or executive officer, including any director from any subsidiary board within the Group, to attend its meetings and has various resources, including external consultants, to enable it to discharge its responsibilities adequately. The auditors, both internal and external, have unrestricted access to the AC.

The AC has full access to and the co-operation of Management as well as reasonable resources to enable it to discharge its functions properly. The AC meetings are held with both external auditors and internal auditors (if required) and by invitation, any Director and representatives from Management. In addition, the AC also meets with the external auditors and the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have. Further to this, to assist the AC in discharging its duties, the external auditors also brief the AC members on the developments in accounting standards (where applicable) during AC meetings to keep the AC members abreast of changes to the accounting standards and issues which may impact the financial statements.

In the review of the financial statements, the AC had discussed with Management the accounting principles that were applied and its judgement of items that might affect the integrity of the financial statements. In this regard, the following significant matters were discussed with Management and the external auditors and were reviewed by the AC:

Key Audit Matter	**How the AC addressed the matter**
Impairment review of goodwill and intangible assets	The AC discussed with the external auditors on their review of the reasonableness, relevance, and robustness of the basis, estimates, forecasts, key assumptions, and methodology used in the impairment assessment as well as the sensitivity analysis performed by them. Following the review and discussions with Management and the external auditors, the AC is satisfied with the criteria applied by Management for the purposes of the impairment of goodwill and intangible assets.
Going concern	The AC discussed with the external auditors on their review of the reasonableness, relevance, and robustness of the financial and operational plans as well as the key assumptions relied on by Management in their cash flow projections of the Group. Following the review and discussions with Management and the external auditors, the AC is satisfied that the Group is able to operate as a going concern.

Please refer to pages 47 to 51 of the Annual Report for further information.

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As part of the annual review on the independence and objectivity of the external auditors, the AC will review the performance of the external auditors and the volume of non-audit services provided by them. In this regard, Deloitte & Touche LLP, Singapore ("**Deloitte**"), an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority, was appointed as the Company's external auditors on 28 March 2018 and for FY2019, Deloitte has provided both audit and non-audit services to the Group. In this regard, the amount of fees that have been paid to Deloitte is S$175,000 for audit services for FY2019 and S$6,000 for non-audit services for FY2019.

Deloitte was also reappointed in FY2019 to audit the accounts of the Company's Singapore subsidiaries. The Malaysia practice of Deloitte Touche Tohmatsu Limited ("**DTTL**") was reappointed to audit the Company's Malaysian subsidiaries. For the Company's other overseas subsidiaries, the overseas practices of DTTL were appointed in FY2019 to audit the respective accounts. The Company has therefore acted in compliance with Rule 712 and Rule 715 of the Catalist Rules.

The AC, having reviewed the independence and objectivity of Deloitte as required under Section 206(1A) of the Companies Act, is satisfied that the independence and objectivity of the external auditors are not affected. Further to this, after taking into account the resources and experience of Deloitte and the audit engagement partner assigned to the audit, Deloitte's other audit engagements, the size and complexity of the audit for the as well as the number and experience of the staff assigned by Deloitte for the audit, the Board and the AC is of the view that Deloitte is able to meet its audit obligations and as such, the AC has recommended to the Board that Deloitte be nominated for re-appointment as the auditor of the Company at the forthcoming AGM. The Company has therefore acted in compliance with Rule 712 and Rule 715 of the Catalist Rules.

The Board recognises that it is the Board's responsibility to maintain a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. In this regard, taking into consideration the risks which the Group is exposed to, the likelihood of occurrence of such risks, the costs of implementing the corresponding controls and the environmental and social interactions within the communities in which the Group operate, the AC has also set in place certain internal controls policies and procedures (for example, setting approval limits for various expenditures and having different bank signatories), risk management practices and sustainability practices. These internal controls are subjected to periodic review and testing in order to ensure that the control mechanisms in place is working in the intended manner for which it is designed for.

While the importance of effective internal controls cannot be discounted, the Board also recognised that due to the size of the Group, it is not cost-effective to have an internal audit function and team within the organisational setup. Accordingly, the Company has appointed PricewaterhouseCoopers Risk Services Pte. Ltd., a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, to conduct internal control reviews over selected processes/sub-processes for the Company, BTFL Pte. Ltd., and 1Care Global Pte Ltd. In assessing the engagement of the internal auditors, the AC has considered factors such as the resources of the internal auditors and the independence of the internal auditors from the activities that it audits. In terms of reporting, the internal auditors report functionally to the AC and administratively to the CEO and the Group FC. For the avoidance of doubt, the internal auditors are independent of Management.

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The internal auditors' activities are guided by its global internal auditing methodology which is in line with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. In addition, in order to ensure that the internal auditors are able to discharge the internal audit function effectively, the AC ensures that Management provides good support to the internal auditors and provides them with access to documents, records, properties, and personnel when requested in order for the internal auditors to carry out their function accordingly. The AC also reviews and approves the internal auditor's scope of work (which covers key aspects of the Group's internal controls established to address financial, operational, compliance and information technology risks) for the purposes of ensuring the adequacy of the internal audit function. In the event that non-compliance and internal control weaknesses are highlighted during the internal audit, the appropriate recommendations to address these issues will be reported to the AC as part of the review of the Group's internal control system.

Further to the internal audit work done by the internal auditors, the AC also has in place whistleblowing policies by which staff may, in confidence, raise concerns either verbally or in writing (via email) about possible improprieties in matters of financial reporting or other matters within the Company to the members of the AC directly. These whistleblowing policies are part of the internal control mechanisms put in place by the Group and the objectives of the whistleblowing policies are to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up action to be taken. Copies of the whistleblowing policies have been circulated to the employees and are also available at the Company's registered office. There were no whistle-blowing reports received in FY2019.

Accordingly, based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, the AC, and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2019.

This is further supported by the assurances that the Board and the AC had received from the CEO and the Group FC that:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2019 give a true and fair view of the Group's operations and finances; and

(b) the risk management system and internal controls in place within the Group are adequate and effective in addressing the key financial, operational and compliance risks in the Group.

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IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company is committed to treating all of its shareholders fairly and equitably and to facilitate the exercise of shareholders' rights. In this regard, the Board also regards the general meetings as opportunities to communicate directly with the shareholders and encourages greater shareholder participation. During these general meetings, shareholders are able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters.

To facilitate participation by shareholders, all general meetings of the Company are held in Singapore. Shareholders have the opportunity to participate effectively in and to vote at general meetings of the Company. As such, the shareholders are encouraged to attend general meetings of the Company to gain a better understanding of the Group's businesses and be informed of the Group's strategic goals and objectives. Notices of general meetings are dispatched to the shareholders at least 14 days before the meeting if ordinary businesses are to be transacted at the meeting or at least 21 days before the meeting if special businesses are to be transacted at the meeting.

General meetings of the Company are chaired by the Non-Executive and Independent Chairman and are also attended by other Directors, Management, the Company Secretary and if necessary, the external and internal auditors. At all general meetings, shareholders are given the opportunity to air their views and to ask the Chairman, the individual Directors and the Chairmen of the Board Committees questions regarding the Company. The external auditors are also present to assist the Board in answering the shareholders' queries, if necessary.

Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures. In this regard, shareholders of the Company are informed of the rules, including voting procedures that govern general meetings of shareholders. The Company's Constitution states that shareholders of the Company are allowed to vote in person and allows shareholders, who are unable to attend the general meetings in person, to appoint not more than two proxies to attend and vote in his/her place at the general meetings via proxy forms submitted in advance (i.e. not less than seventy-two (72) hours before the time appointed for holding the general meeting). The proxy form is sent with the notice of general meetings to all shareholders. In this regard, due to concerns over the authentication of shareholder identity information and other related security issues, the Company has decided, for the time being, not to implement voting in absentia by mail, e-mail or fax.

Separate resolutions on each distinct issue are tabled at general meetings and voting on each resolution by poll is carried out systematically with proper recording of votes cast and the resolution passed. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one (1) significant proposal and only where there are reasons and material implications justifying the same are explained. In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders will be put to vote by poll, using polling slips, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings of shareholders.

Corporate Governance Report

The Company Secretary and/or representatives from the Company Secretary's office prepares the minutes of general meetings that include relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. The minutes of such meetings are then circulated to the Board for approval. Thereafter, the minutes are available to shareholders upon request.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET. The Board, after much deliberation and consideration, has decided not to recommend that the Company declare dividends for FY2019 as the Group is focusing its cash flow on regional expansion.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Board values dialogue with shareholders and believes in regular, effective and fair communication with them and is committed to hearing shareholders' views and addressing their concerns where possible. Accordingly, it is the Board's policy that all shareholders should be equally and timely informed of all major developments that impact the Group. In this regard, information is communicated to shareholders on a timely basis via SGXNET through, *inter alia*:

(a) annual reports that are issued to all shareholders;

(b) half-yearly financial results containing a summary of the financial information and affairs of the Group;

(c) timely announcements and disclosures made pursuant to the Catalist Rules;

(d) notices of general meetings; and

(e) circulars or letters to shareholders to provide the shareholders with more information on transactions which require shareholders' approval.

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Half yearly and full year results as well as the annual report are announced or issued within the mandatory period.

The Board does not practise selective disclosure and adheres to the continuous disclosure obligations of the Company pursuant to the Catalist Rules as well its policy set out above. All disclosures will be made on a timely basis through SGXNET. Accordingly, the Group issues announcements and news releases on an immediate basis when required under the Catalist Rules. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that the stakeholders and the public have fair access to the information.

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The Company has engaged an external investor relationship firm for the purposes of facilitating communications with its shareholders as well as attending to their queries and concerns. Further to this briefings and meetings for analysts and the media may be held, generally coinciding with the release of the Group's half yearly and full year results. Presentations may be made, as appropriate, to explain the Group's strategies, performance and major developments. In this regard, in conducting such meetings, the Company is mindful of the need to ensure fair disclosure. In addition, the Notices are advertised in the press and published via SGXNET.

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

A fundamental aspect of creating shared values within the communities is effective communication and dialogue with the Group's stakeholders. Accordingly, the Company recognises that a strong network of people, organisations, and communities would enable the Company to obtain a better understanding on the issues that are important or has direct or indirect impact to the Group's business.

More information on the Group's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance can be found under the "Sustainability Report" which will be published in accordance with Rule 711A of the Catalist Rules. In addition, the Company also engages with its shareholders via its website at www.synagie.com.

DEALING WITH THE COMPANY'S SECURITIES

Pursuant to Rule 1204(19) of the Catalist Rules, the Company has adopted an internal policy on dealings in the securities to provide guidance to its Directors and officers with regard to dealings in the Company's securities.

The Company, its Directors and officers are prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year financial statements and ending on the date of announcement of the relevant results. In addition, both Directors and employees are prohibited from dealing in securities of the Company while in possession of price-sensitive information of the Group. Notifications of the 'closed window' periods are sent to all Directors and officers concerned.

The Directors are also required to notify the Company of any dealings in the Company's securities within two (2) days of the transaction and to submit an annual confirmation on their compliance with the internal policy. In addition, the Company, its Directors and officers are discouraged from dealing in the Company's securities on short-term considerations. The Board confirms that as at the date of this Report, the Company has complied with Rule 1204(19) of the Catalist Rules.

MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interests of the CEO, any Director or controlling shareholder of the Company, which are either still subsisting at the end of FY2019, or if not then subsisting, entered into since the end of the previous financial year.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS

To ensure compliance with the relevant rules under Chapter 9 of the Catalist Rules on interested person transactions, the Company has established internal control procedures to ensure that any interested person transaction proposed to be entered into is regularly reviewed by the Board and Audit Committee and if so, to ensure that the Company complies with the requisite rules under Chapter 9 of the Catalist Rules.

If the Company does enter into an interested party transaction, and a potential conflict of interest arises, the Director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board.

There were no interested person transactions which were more than S$100,000 entered into during FY2019. The Group does not have any general mandate from shareholders pursuant to Rule 920 of the Catalist Rules for the current financial year.

NON-SPONSOR FEES

The Company is under the SGX-ST Catalist sponsor-supervised regime. RHT Capital Pte. Ltd. ("**RHTC**") is the existing continuing sponsor of the Company.

There were no non-sponsor related fees paid to RHTC in FY2019.

USE OF PROCEEDS FROM RIGHTS ISSUE

The Company completed a renounceable non-underwritten rights issue, with listing and quotation of the 39,715,003 rights shares on 6 January 2020 (the "**Rights Issue**"). As at 25 March 2020, the usage of the gross proceeds of approximately S$4 million is as follows:

	Allocation of the net proceeds (S$'000)	**Amount utilised (S$'000)**	**Balance (S$'000)**
Expansion of existing business of the Group	2,582	2,025	557
Working capital for the Company	1,260	1,157	103
Listing Expenses	130	130	–
Total	**3,972**	**3,182**	**660**

Note:

(1) Utilised for the funding of the salaries of its employees, administrative expenses and other operating expenses.

The above utilisation of the net proceeds from the Rights Issue is consistent with the intended use as disclosed in the Company's offer information statement dated 9 December 2019 in relation to the Rights Issue.

Directors' Statement

The directors present their statement together with the audited consolidated financial statements of Synagie Corporation Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 52 to 114 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 31 December 2019 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Lim Chuan Poh
Lee Shieh-Peen Clement
Tai Ho Yan
Zanetta Lee Yue (Zanetta Li Yu)
Koh Chia Ling
Chue En Yaw

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 except as follows:

	Shareholdings registered in name of directors	
Name of directors and Company in which interests are held	**At beginning of year**	**At end of year**
The Company		
Lee Shieh-Peen Clement	–	–
Zanetta Lee Yue (Zanetta Li Yu)	9,210,600	9,210,600
Tai Ho Yan	7,875,000	7,875,000
Chue En Yaw	1,481,481	1,481,481

Directors' Statement

3 **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)**

Name of director and Company in which interests are held	Shareholdings in which director is deemed to have interest At beginning of year	At end of year
The Company		
Lee Shieh-Peen Clement[(1)]	62,064,060	62,064,060

The directors' interests in the shares and options of the Company at 21 January 2020 had increased as a result of rights issue exercise which shares were allotted on 2 January 2020 and they are as follow:

Name of directors and Company in which interests are held	Shareholdings registered in name of directors At end of year	At 21 January 2020
The Company		
Lee Shieh-Peen Clement	–	–
Zanetta Lee Yue (Zanetta Li Yu)	9,210,600	10,592,190
Tai Ho Yan	7,875,000	9,056,250
Chue En Yaw	1,481,481	1,481,481

Name of directors and Company in which interests are held	Shareholdings in which director is deemed to have interest At end of year	At 21 January 2020
The Company		
Lee Shieh-Peen Clement[(1)]	62,064,060	71,373,669

(1) Mr Lee Shieh-Peen Clement is deemed to have an interest in all the related corporations of the Company by virtue of Section 7 of the Singapore Companies Act, Chapter 50.

4 **SHARE OPTIONS**

The Synagie Employee Share Option Scheme ("Synagie ESOS")

The Company implemented Synagie ESOS in accordance with the scheme approved by the shareholders on 25 July 2018 and is subjected to annual approval by the shareholders at the annual general meeting. The objectives of Synagie ESOS are as follows:

(a) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;

(b) to retain key employees and directors whose contributions are essential to the long-term growth and profitability of the Group;

Directors' Statement

4 SHARE OPTIONS (CONTINUED)

(c) to instil loyalty to, and a stronger identification by participants with the long-term prosperity of, the Group;

(d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders; and

(e) to align the interests of participants with the interests of the shareholders.

Synagie ESOS is administered by the Remuneration Committee whose members are:

Lim Chuan Poh (Chairman)
Koh Chia Ling
Chue En Yaw

Terms of Synagie ESOS:

(a) A one year vesting period is required commencing from the first date of grant if offer price is not at a discount; a two years vesting period is required commencing from the first date of grant if offer price is at a discount.

(b) The subscription price is based on the price equal to the average of the last dealt prices of an ordinary share in the capital of the Company for the five consecutive trading days immediately preceding the date of grant of the option, rounded up to the nearest whole cent in the event of fractional prices.

(c) The options may be exercised in whole or in part at any time by a participant after the first anniversary from the date of grant. Such option shall be exercised before the tenth anniversary of the date of grant, or such earlier date may be determined by the Committee.

(d) The unvested options shall lapse upon the employee ceasing to be employed by the Company or its subsidiaries.

Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

Unissued shares under options

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

Directors' Statement

5 SHARE AWARDS

The Synagie Performance Share Plan ("Synagie PSP")

The Company implemented Synagie PSP in accordance with the performance share scheme approved by the shareholders on 25 July 2018 is subjected to annual approval by the shareholders at the annual general meeting. The purpose of Synagie PSP are as follows:

(a) to attract potential employees with relevant skills to contribute to the Group and to create value for shareholders;

(b) to instil loyalty to, and a stronger identification by the participants with the long-term prosperity of the Group;

(c) to motivate the participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;

(d) to align the interests of the participants with the interests of the shareholders;

(e) to give recognition to the contributions made by the participants to the success of the Group; and

(f) to retain key employees of the Group whose contributions are essential to the long-term prosperity of the Group.

Synagie PSP is administered by the Remuneration Committee whose members are:

Lim Chuan Poh (Chairman)
Koh Chia Ling
Chue En Yaw

An executive or non-executive director of any member of the Group or a full-time employee of any member of the Group ("Eligible Person") who is selected by the Remuneration Committee is eligible to participate in the Synagie PSP. The awards represent the right of an Eligible Person to receive fully paid shares free of charge, upon the participant satisfying the criteria set out in the Synagie PSP and upon satisfying such conditions as may be imposed. The number of shares to be granted to an Eligible Person shall be determined at the absolute discretion of the Remuneration Committee, which shall consider criteria such as individual performance, length of services, achievements of past performance targets, ability to value-add to the Group's performance and development and overall enhancement to shareholder values, and the extent of effort with which the performance conditions as determined by the Remuneration Committee may be achieved within the performance period.

Each award to be granted to an Eligible Person who is a non-executive director of any member of the Group shall not exceed 10% of the total number of shares available for grant of awards under the Synagie PSP. The total number of shares which may be issued and/or issuable pursuant to awards granted under the Synagie PSP on any date shall not exceed 15% of the issued shares of the Company (excluding any shares held in treasury) from time to time. The Synagie PSP shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years, commencing from adoption date, provided always that the Synagie PSP may continue beyond the stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

At the end of the financial year, a total of 3,061,696 ordinary shares were issued and awarded to employees who are eligible to participate in the Synagie PSP.

Directors' Statement

6 AUDIT COMMITTEE

The Audit Committee of the Company, consisting of all Non-Executive and independent Directors, is chaired by Mr Chue En Yaw, and includes Mr Koh Chia Ling and Mr Lim Chuan Poh. The Audit Committee has met twice since the date of the last Directors' report and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Group's external auditors; and

(f) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to management and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Lee Shieh-Peen Clement

Tai Ho Yan

31 March 2020

Independent Auditor's Report

TO THE MEMBERS OF SYNAGIE CORPORATION LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Synagie Corporation Ltd. (the "Company") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages to 52 to 114.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Independent Auditor's Report

TO THE MEMBERS OF SYNAGIE CORPORATION LTD.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Our audit performed and responses thereon
Impairment of goodwill and intangible assets	
(Refer to Notes 12 and 13 to the financial statements) The Group reviews goodwill and intangible assets such as customer contracts/relationships for impairment annually. As at 31 December 2019, the net carrying amounts of goodwill and intangible assets were S$971,000 and S$1,886,000 respectively. Impairment of S$1,200,000 on goodwill was recognised during the year. Management exercises significant judgement about future market conditions, including future contract revenue, discount rate, earnings before interest taxes, depreciation and amortisation ("EBITDA") and terminal growth rate in the key inputs used in the discounted cash flow forecasts to determine the recoverable amounts for goodwill and intangible assets, and the amount of any impairment required. The key assumptions used by management are disclosed in Notes 3 and 12 to the financial statements.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in the impairment review. We performed the following procedures: • using our internal valuation specialists to evaluate the appropriateness of the valuation model and the reasonableness of the expectations for the key macro-economic assumptions used in the impairment analysis, in particular the discount rate and terminal growth rate by comparing the expectations to those used by management; • challenging the cash flow forecasts used, with comparison to recent performance, and market expectations, including retrospective reviews to prior year's forecasts against actual results; and • assessing the adequacy of impairment loss recognised and the impact on the recoverable amounts are based on sensitivity analysis and understanding the degree to which key assumptions such as future contract revenue, discount rate, EBITDA and terminal growth rate would need to move before further impairment would be triggered.

Independent Auditor's Report

TO THE MEMBERS OF SYNAGIE CORPORATION LTD.

Key Audit Matters	Our audit performed and responses thereon
Going concern *(Refer to Notes 3 and 4 to the financial statements)* The Group has made consecutive losses since 2018. The Group recorded a loss after tax of S$8,452,000 and cash outflow from operating activities of S$7,384,000 for the year ended 31 December 2019 with a cash balance of S$1,594,000 as at the end of the year. These conditions may cast significant doubt on the Group's ability to continue as a going concern. The Board of Directors and management have concluded that there is no material uncertainty related to these conditions on the Group's ability to continue as a going concern based on the Group's cash flow forecast prepared by management up to March 2021, which include the following: a. Projected receipts from secured sales subsequent to the end of the reporting period; and b. Projected cash flows from business growth relating to the existing core business segments of E-Commerce, E-Logistics and provision of Insurtech services. The critical areas of judgement underlying the cash flow forecast are set out in Note 3 to the financial statements. As disclosed therein, due to the nature of its business in the E-Commerce industry, management does not expect its existing core business to be significantly impacted by COVID-19.	Our audit procedures focused on evaluating the significant judgement made by management in the going concern assessment. We discussed with management on their assessment of the Group's liquidity risks. We obtained the Group's cash flow forecast for the next twelve months and challenged key assumptions made by management, including reviewing relevant supporting documents of secured sales, corresponding procurement orders and sales receipts by the Group subsequent to the end of the reporting period up to the date of this report. We assessed the key assumptions such as revenue growth rates, gross profits margins and operating expenses used by management in projecting future cash flows relating to the existing core business segments of E-Commerce, E-Logistics and provision of Insurtech services. We have also assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Independent Auditor's Report

TO THE MEMBERS OF SYNAGIE CORPORATION LTD.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Independent Auditor's Report

TO THE MEMBERS OF SYNAGIE CORPORATION LTD.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Adrian Chia Jet Wui.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2020

Statements of Financial Position

31 DECEMBER 2019

	Note	Group 2019 S$'000	Group 2018 S$'000	Company 2019 S$'000	Company 2018 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	**1,594**	7,530	**69**	5,536
Trade and other receivables	8	**6,888**	5,927	**21,497**	11,373
Deferred service costs	8	**857**	2,736	**–**	–
Inventories	9	**2,098**	1,975	**–**	–
Total current assets		**11,437**	18,168	**21,566**	16,909
Non-current assets					
Plant and equipment	10	**302**	272	**64**	5
Right-of-use assets	11	**297**	–	**112**	–
Goodwill	12	**971**	2,171	**–**	–
Intangible assets	13	**1,886**	2,152	**–**	–
Investment in subsidiaries	14	**–**	–	**9,413**	9,408
Total non-current assets		**3,456**	4,595	**9,589**	9,413
Total assets		**14,893**	22,763	**31,155**	26,322
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	15	**8,779**	6,151	**5,044**	3,554
Deferred service revenue	15	**971**	4,369	**–**	–
Lease liabilities	16	**195**	–	47	–
Income tax payable		**–**	24	**–**	–
Total current liabilities		**9,945**	10,544	**5,091**	3,554
Non-current liabilities					
Other payable	17	**–**	3,042	–	–
Lease liabilities	16	**107**	–	**66**	–
Deferred tax liabilities	18	**276**	363	**–**	–
Total non-current liabilities		**383**	3,405	**66**	–
Capital and accumulated losses					
Share capital	19	**24,147**	23,769	**24,147**	23,769
Capital contribution pending allotment	20	**3,828**	–	**3,828**	–
Convertible notes reserve	21	**–**	–	**–**	–
Merger reserve	22	**(8,261)**	(8,261)	**–**	–
Other reserve	23	**792**	792	**792**	792
Translation reserve		**(34)**	(25)	**–**	–
Accumulated losses		**(15,910)**	(7,461)	**(2,769)**	(1,793)
Total equity attributable to owners		**4,562**	8,814	**25,998**	22,768
Non-controlling interests		**3**	–	**–**	–
Total equity		**4,565**	8,814	**25,998**	22,768
Total liabilities and equity		**14,893**	22,763	**31,155**	26,322

* Less than S$1,000

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Revenue	24	**19,361**	16,051
Cost of sales		**(14,331)**	(12,043)
Gross profit		**5,030**	4,008
Other income	25	**3,155**	197
Distribution costs		**(1,049)**	(768)
Administrative expenses		**(12,986)**	(9,984)
Other operating expenses	26	**(2,669)**	(284)
Finance costs	27	**(20)**	(620)
Loss before income tax	28	**(8,539)**	(7,451)
Income tax credit	29	**87**	64
Loss for the year		**(8,452)**	(7,387)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(9)**	(15)
Total comprehensive loss for the year		**(8,461)**	(7,402)
Loss net of tax attributable to:			
Owners of the Company		**(8,449)**	(7,387)
Non-controlling interests		**(3)**	–
Total loss for the year		**(8,452)**	(7,387)
Total comprehensive loss attributable to:			
Owners of the Company		**(8,458)**	(7,402)
Non-controlling interests		**(3)**	–
Total comprehensive loss for the year		**(8,461)**	(7,402)
Loss per share attributable to owners of the Company			
Basic and diluted (cents)	30	**(3.21)**	(4.37)

See accompanying notes to financial statements.

Statements of Changes in Equity

YEAR ENDED 31 DECEMBER 2019

Group	Share capital S$'000	Capital contribution pending allotment S$'000	Convertible notes reserve S$'000	Merger reserve S$'000	Other reserve S$'000	Translation reserve S$'000	Accumulated losses S$'000	Total equity S$'000
Balance as at 1 January 2018	7,392	–	1,111	–	–	(10)	(8,327)	166
Total comprehensive loss for the year								
Loss for the year	–	–	–	–	–	–	(7,387)	(7,387)
Other comprehensive loss	–	–	–	–	–	(15)	–	(15)
	–	–	–	–	–	(15)	(7,387)	(7,402)
Transaction with owners, recognised directly in equity								
Issuance of shares pursuant to the acquisition of subsidiary as part of the Restructuring Exercise	7,400	–	–	–	–	–	–	7,400
Share swap pursuant to the Restructuring Exercise	(7,392)	–	–	(8,261)	–	–	8,253	(7,400)
Conversion of Convertible Notes into 40,740,733 shares	5,500	–	(1,111)	–	792	–	–	5,181
Issuance of shares pursuant to Initial Public Offering ("**IPO**")	11,610	–	–	–	–	–	–	11,610
Capitalisation of listing expenses	(741)	–	–	–	–	–	–	(741)
Total	16,377	–	(1,111)	(8,261)	792	–	8,253	16,050
Balance as at 31 December 2018	23,769	–	–	(8,261)	792	(25)	(7,461)	8,814

See accompanying notes to financial statements.

Statements of Changes in Equity

YEAR ENDED 31 DECEMBER 2019

Group (cont'd)	Share capital S$'000	Capital contribution pending allotment S$'000	Convertible notes reserve S$'000	Merger reserve S$'000	Other reserve S$'000	Translation reserve S$'000	Accumulated losses S$'000	Total equity attributable to owners S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance as at 1 January 2019	23,769	–	–	(8,261)	792	(25)	(7,461)	8,814	–	8,814
Total comprehensive loss for the year										
Loss for the year	–	–	–	–	–	–	(8,449)	(8,449)	(3)	(8,452)
Other comprehensive loss	–	–	–	–	–	(9)	–	(9)	–	(9)
	–	–	–	–	–	(9)	(8,449)	(8,458)	(3)	(8,461)
Transaction with owners, recognised directly in equity										
Issuance of performance shares (Note 19)	378	–	–	–	–	–	–	378	–	378
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	6	6
Capital contribution pursuant to rights issue exercise (Note 20)	–	3,972	–	–	–	–	–	3,972	–	3,972
Capitalisation of rights issue expenses	–	(144)	–	–	–	–	–	(144)	–	(144)
Total	378	3,828	–	–	–	–	–	4,206	6	4,212
Balance as at 31 December 2019	24,147	3,828	–	(8,261)	792	(34)	(15,910)	4,562	3	4,565

See accompanying notes to financial statements.

Statements of Changes in Equity

YEAR ENDED 31 DECEMBER 2019

Company	Share capital S$'000	Capital contribution pending allotment S$'000	Convertible notes reserves S$'000	Other reserve S$'000	Accumulated losses S$'000	Total S$'000
Balance as at 1 January 2018	*	–	234	–	(43)	191
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	(1,750)	(1,750)
Transactions with owners, recognised directly in equity						
Issuance of shares pursuant to Restructuring Exercise	7,400	–	–	–	–	7,400
Conversion of Convertible Notes into 40,740,733 shares	5,500	–	(234)	792	–	6,058
Issuance of shares pursuant to IPO	11,610	–	–	–	–	11,610
Capitalisation of listing expenses	(741)	–	–	–	–	(741)
Total	23,769	–	(234)	792	–	24,327
Balance as at 31 December 2018	23,769	–	–	792	(1,793)	22,768
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	(976)	(976)
Transactions with owners, recognised directly in equity						
Issuance of performance shares (Note 19)	378	–	–	–	–	378
Capital contribution pending allotment (Note 20)	–	3,972	–	–	–	3,972
Captialisation of rights issue expenses	–	(144)	–	–	–	(144)
Total	378	3,828	–	–	–	4,206
Balance as at 31 December 2019	24,147	3,828	–	792	(2,769)	25,998

* – Less than S$1,000

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2019

	Group	
	2019 S$'000	**2018 S$'000**
Operating activities		
Loss before income tax	**(8,539)**	(7,451)
Adjustments for:		
Amortisation of Convertible Notes	**–**	600
Amortisation of intangible assets	**515**	391
Impairment loss on financial assets, subject to ECL	**401**	20
Allowance for inventories obsolescence	**322**	54
Bad debts written off	**144**	87
Deposits written off	**57**	–
Depreciation of right-of-use assets	**207**	–
Depreciation of plant and equipment	**158**	100
Fair value of other payable	**–**	16
Interest expense	**20**	4
Inventories written off	**245**	118
IPO listing expenses	**–**	1,043
Plant and equipment written off	**4**	–
Gain on disposal of plant and equipment	**–**	(1)
Interest income	**(23)**	(34)
Reversal of contingent consideration	**(3,042)**	–
Impairment of goodwill	**1,200**	–
Share-based payment expenses	**378**	–
Net unrealised exchange adjustment	**(9)**	(15)
Operating cash flows before movements in working capital	**(7,962)**	(5,068)
Trade and other receivables	**2,122**	(1,686)
Inventories	**(690)**	(679)
Trade and other payables	**(830)**	3,019
Net cash used in operations	**(7,360)**	(4,414)
Tax paid	**(24)**	(180)
Net cash used in operating activities	**(7,384)**	(4,594)
Investing activities		
Purchase of plant and equipment (Note A)	**(161)**	(249)
Expenditure on software development (Note A)	**(220)**	(282)
Proceeds from disposal of plant and equipment	**–**	1
Interest received	**23**	16
Acquisition of a subsidiary (Note 31)	**–**	(711)
Net cash used in investing activities	**(358)**	(1,225)
Financing activities		
Proceeds on issue of shares	**–**	11,610
Capital contribution from shareholders pending allotment (Note B)	**2,166**	–
Payment of rights issue expenses	**(144)**	–
Payment of IPO listing expenses	**–**	(1,784)
Proceeds from Convertible Notes	**–**	1,700
Repayment of lease liabilities	**(202)**	–
Capital from non-controlling shareholders	**6**	–
Restricted funds	**61**	(61)
Interest paid	**(20)**	(4)
Net cash from financing activities	**1,867**	11,461
Net (decrease) increase in cash and cash equivalents	**(5,875)**	5,642
Cash and cash equivalents at beginning of the year	**7,319**	1,677
Cash and cash equivalents at end of the year (Note 7)	**1,444**	7,319

Note A

In 2019, the Group acquired plant and equipment and intangible assets with an aggregate cost of S$192,000 (2018: S$249,000) and S$249,000 (2018: S$282,000) respectively, of which S$31,000 (2018: S$Nil) and S$29,000 (2018: S$Nil) remained payable at the end of the reporting period respectively. Cash payments amounting to S$161,000 (2018: S$249,000) and S$220,000 (2018: S$282,000) were paid to purchase plant and equipment and intangible assets respectively.

Note B

In 2019, the Group issued rights shares at a consideration of S$3,972,000 of which S$1,806,000 was withheld temporarily by The Central Depository (Pte) Limited at the end of the reporting period due to administrative procedures.

See accompanying notes to financial statements.

Notes to Financial Statements

31 DECEMBER 2019

1 GENERAL

The Company (Registration No. 201717972D) was incorporated on 28 June 2017 in the Republic of Singapore with its principal place of business and registered office at 38 Jalan Pemimpin, #05-09, M38, Singapore 577178.

The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of holding company. The principal activities of the subsidiaries are disclosed in Note 14.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 31 March 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(c) Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On 1 January 2019, the Group and Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

Notes to Financial Statements

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2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, with exemption for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

Notes to Financial Statements

31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

(a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii);

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

(c) Separates the total amount of cash paid into a principal portion and interest (both presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (eg. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and lease of low-value assets (which includes small items of office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within administrative expenses in the consolidated statement of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

The right-of-use asset and the lease liability are accounted for applying SFRS(I) 16 from 1 January 2019.

Notes to Financial Statements

31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(c) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 January 2019 is 5.0%.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	Group 2019 S$'000
Operating lease commitments at 31 December 2018	1,265
Less: Short-term leases and leases of low value assets	(48)
Less: Effect of discounting	(7)
Less: Reversal of operating lease due to termination of contract	(541)
Less: Operating leases which are exempted from SFRS(I) 16	(434)
Add: Present value of the lease payments due in periods covered by extension options that are included in the lease term and within the scope of SFRS(I) 16 but not previously included in operating lease commitments	17
Lease liabilities recognised at 1 January 2019	**252**

The Group has assessed that there is no significant tax impact arising from the application of SFRS(I) 16.

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of S$252,000 were recognised on 1 January 2019.

BASIS OF CONSOLIDATION – The consolidated financial statements comprise the financial statements of the Company and entities (including structured entities) controlled by the Company (its subsidiaries). Control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 Financial Instruments: Recognition and Measurement, or when applicable, the cost on initial recognition of an investment in an associate.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I)s are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions of the acquirer in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

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

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss under “other income” line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4b(vii).

Notes to Financial Statements

31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other operating expenses" line items; and

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other operating expenses" line items.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Notes to Financial Statements

31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely e-commerce solutions provider, e-logistics services and insurtech businesses.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

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

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

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

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

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Advances to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Notes to Financial Statements

31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is i) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, ii) held for trading, or iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other income" or "other operating expenses" line item.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Convertible Notes

Convertible Notes are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Where conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-Convertible Notes. The difference between the gross proceeds of the issue of the Convertible Notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (Convertible Notes reserve).

In subsequent period, the liability component of the Convertible Notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in Convertible Notes reserve until the conversion option is exercised, in which case the balance stated in Convertible Notes reserve will be transferred to share capital. Where the option remains unexercised at the expiry date, the balance stated in the Convertible Notes reserve will be released to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transactions costs that relate to the issue of the Convertible Notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transactions costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability and amortised over the period of the Convertible Notes using the effective interest method.

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income" or "other operating expense" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

OFFSETTING ARRANGEMENTS – Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group and the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Leases (Before 1 January 2019)

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases (From 1 January 2019)

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Notes to Financial Statements

31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Notes to Financial Statements

31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the Statement of Financial Position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises finished goods and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

PLANT AND EQUIPMENT – Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computers	–	3 years
Furniture and fittings	–	3 years
Office equipment	–	3 years
Renovation	–	3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Notes to Financial Statements

31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS – Intangible assets comprise software development costs which are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software development costs are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives of three to five years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

<u>Intangible assets acquired in a business combination</u>

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The intangible assets pertain to customer relationships acquired through business combinations. These intangible assets are amortised on a straight-line basis over their useful lives. Management has assessed the appropriate useful lives to be five years. The estimated useful lives and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill on acquisition of subsidiary is subject to annual impairment test or is more frequently tested for impairment if events or changes in circumstances indicate that it might be impaired.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS – The Group issues equity-settled share-based payments to certain employees of the Company.

Equity-settled share-based payments are measured at fair value of equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled shared-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

GOVERNMENT GRANTS – Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

REVENUE RECOGNITION – The Group recognises revenue from the following major sources:

(i) E-Commerce – sale of Body, Beauty, Baby ("BBB") products on online channels

The Group is involved in the selling of BBB products on online channels. Revenue from the sale of BBB products is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's location (delivery). A receivable is recognised by the Group and Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time required before payment is due.

Under the Group's standard contract terms, customers have a right of return within 14 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

(ii) E-Commerce – rendering of marketing support services

The Group provides a series of marketing support services. Such performance obligations are recognised as a performance obligation over time. Revenue is recognised for these services over the contract period. Management has assessed that the revenue recognition method is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS (I) 15.

(iii) E-Logistics – rendering of warehouse and logistics handling services

The Group provides a series of warehouse handling services – (1) Inbound deliveries; (2) Storage; (3) Order processing; (4) Pick, Pack and Quality Control; and (5) Outbound deliveries. The various warehouse handlings services are individually considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. Transaction price are allocated to the individual warehouse handling services based on its stand-alone selling price of these services.

Revenue relating to the warehouse handling services is recognised over time. Management has assessed that the revenue recognition method is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS (I) 15.

(iv) Insurtech – rendering of warranty and other support services, including the related administration services in handling and processing of warranty and other claims

The Group provides a series of warranty support services. Such performance obligations are recognised as a performance obligation over time. Revenue is recognised on a straight line basis over the period of service. Management has assessed that the revenue recognition method is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS (I) 15.

Notes to Financial Statements

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans when the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using the tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

Notes to Financial Statements

31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary company that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary company that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in translation reserve (attributed to non-controlling interests, as appropriate).

CASH AND CASH EQUIVALENT IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash at bank and are subject to an insignificant risk of changes in value.

Notes to Financial Statements

31 DECEMBER 2019

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations (see below).

<u>Going concern</u>

The Group has made consecutive losses since the Company's listing on SGX-Catalist on 8 August 2018. The Group recorded a loss after tax of S$8,452,000 and cash outflow from operating activities of S$7,384,000 for the year ended 31 December 2019, with a cash balance of S$1,594,000 as at the end of the year. These conditions may cast significant doubt on the Group's ability to continue as a going concern.

The Board of Directors and management have concluded that there is no material uncertainty regarding the Group's ability to continue as a going concern based on the Group's cash flow forecast prepared by management up to March 2021, which include the following:

i. Projected receipts from secured sales subsequent to the end of the reporting period; and

ii. Projected cash flows from business growth relating to existing core business segments of E-Commerce, E-Logistics and provision of Insurtech services.

Management exercises significant judgement about the revenue growth rates, gross profit margins and operating expenses relating to existing core business segments of E-Commerce, E-Logistics and provision of Insurtech services projected in the cash flow forecast up to March 2021. For the projected receipts from secured sales, management also ensures corresponding procurement orders are secured. In relation to subsequent event on outbreak of COVID-19 as disclosed in Note 35, due to the nature of the Group's business in the E-Commerce industry, management does not expect its existing core business to be significantly impacted by COVID-19.

Based on the above, the Board of Directors and management have evaluated that the Group will have sufficient working capital and financial resources to meet the obligations as and when they fall due for the next twelve months from end of the reporting period.

Notes to Financial Statements

31 DECEMBER 2019

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

(ii) Key sources of estimation uncertainty

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

a) Impairment review of goodwill and intangible assets

The Group reviews goodwill and intangible assets for impairment annually. As at 31 December 2019, the net carrying amounts of goodwill and intangible assets were S$971,000 and S$1,886,000 respectively. Impairment of S$1,200,000 on goodwill was recognised during the year.

Management exercises significant judgement about future market conditions, including future contract revenue, discount rate, EBITDA and terminal growth rate in the key inputs used in the discounted cash flow forecasts to determine the recoverable amounts for goodwill and intangible assets, and the amount of any impairment required. The key assumptions used by management are disclosed in Note 12 to the financial statements.

b) Allowance for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less all estimated costs to be incurred in selling and distribution.

Management reviews the inventory listing on a periodical basis to identify aged inventories. This involves comparison of carrying value of the aged inventory items with their respective net realisable values. The purpose is to ascertain whether allowance or write-off is required to be made in the financial statements for any obsolete and slow-moving items. During the year, write-off of inventories and allowance for inventory obsolescence amounted to S$245,000 (2018: S$118,000) and S$322,000 (2018: S$54,000) respectively.

Management estimates the net realisable value for goods for resale based primarily on the selling prices at which the inventories could be realised. The carrying amount of the inventories is disclosed in Note 9.

c) Calculation of expected credit loss and allowance for doubtful debts

When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of trade and other receivables are disclosed in Note 8.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Financial assets				
Financial assets at amortised cost	**8,413**	13,368	**21,563**	16,909
Financial liabilities				
Financial liabilities at amortised cost	**8,661**	6,118	**4,943**	3,521
Contingent consideration at FVTPL	**–**	3,042	**–**	–
Lease liabilities	**302**	–	**113**	–
	8,963	9,160	**5,056**	3,521

(b) *Financial risk management policies and objectives*

Management monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

(i) Market risk management

The Group's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Management monitors risks associated with changes in foreign currency exchanges rates and interest rates and will consider appropriate measures should the need arises.

There has been no significant change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

(ii) Foreign currency risk management

The Group's foreign currency exposures arise mainly from the exchange rate movements of the United States dollar against Singapore dollar.

At the end of the reporting period, carrying amounts of significant monetary assets and liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Assets				
United States dollar	**940**	2,801	**14**	9
Liabilities				
United States dollar	**14**	1,475	**–**	–

Notes to Financial Statements

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4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT** (CONTINUED)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusted their translation at the period end for a 10% range in foreign currency rates.

If the relevant foreign currency weakens by 10% against the functional currency of each Group's entity, loss after tax will increase by:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
United States dollar	**93**	133	**1**	*

* – Less than S$1,000

(iii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group as a result of fluctuation in interest rates. No interest rate sensitivity was performed since the Group does not expect any material effect on the Group's profit or loss as majority of its interest bearing instruments are subject to fixed interest rates.

(iv) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2019, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold collateral to cover its credit risks associated with its financial assets.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >120 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's trade and other receivables, as well as maximum exposure to credit risk by credit risk rating grades:

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
2019						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	4,830	(421)	4,409
Deposits	8	Performing	12-month ECL	407	–	407
Other receivables	8	Performing	12-month ECL	2,003	–	2,003

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
2018						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	5,336	(20)	5,316
Deposits	8	Performing	12-month ECL	438	–	438
Other receivables	8	Performing	12-month ECL	84	–	84

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
2019						
Other receivables	8	Performing	12-month ECL	1,813	–	1,813
Advances to subsidiaries	8	Performing	12-month ECL	19,681	–	19,681

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
2018						
Other receivables	8	Performing	12-month ECL	18	–	18
Advances to subsidiaries	8	Performing	12-month ECL	11,355	–	11,355

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Note 8 includes further details on the loss allowance for these receivables.

(v) Credit risk management

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts owing to the Group, resulting in a loss to the Group. The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk.

The credit policy sets out the guidelines on extending credit terms to customers, including assessment and valuation of customers' credit reliability and periodic review of their financial status to determine credit limits to be granted.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

The Group has no significant concentration of credit risk with exposure spread over a large number of counterparties and customers.

(vi) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its operating activities.

As disclosed in Note 3 (i), the Board of Directors and management have evaluated that the Group and Company will have sufficient working capital and financial resources to meet their obligations as and when they fall due for the next 12 months for the end of the reporting period.

Notes to Financial Statements

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount at the financial liability at on the statements of financial position.

Group	Weighted average effective interest rate	Repayable on demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	S$'000	S$'000	S$'000	S$'000
2019					
Non-interest bearing	**–**	**8,661**	**–**	**–**	**8,661**
Lease liabilities (fixed rate)	**5.00**	**205**	**110**	**(13)**	**302**
		8,866	**110**	**(13)**	**8,963**
2018					
Non-interest bearing	–	6,118	–	–	6,118
Other payable	6.30	–	3,300	(258)	3,042
		6,118	3,300	(258)	9,160

Company	Weighted average effective interest rate	Repayable on demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	S$	S$	S$	S$
2019					
Non-interest bearing	**–**	**4,943**	**–**	**–**	**4,943**
Lease liabilities (fixed rate)	**5.00**	**51**	**69**	**(7)**	**113**
		4,994	**69**	**(7)**	**5,056**
2018					
Non-interest bearing	–	3,521	–	–	3,521

Non-derivative financial assets

The Group and the Company's non-derivative financial assets are repayable within one year and non-interest bearing (Note 8), except for short-term interests on cash balances (Note 7) which is relatively insignificant.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(vii) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of the other payable which comprise of mainly contingent consideration arising from business combination (Note 4), is measured based on Level 3. The valuation technique applied is discounted cash flow and key inputs are the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, discounted at the pre-tax cost of debt (estimated based on the industry weighted average cost of capital at the end of the reporting period).

There was no transfer between Level 1 and Level 2 of the fair value hierarchy in the period.

The following table gives information about how the fair value of the financial liability is determined, in particular, the valuation technique and inputs used.

	Fair value hierarchy as at 2019		2018		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Assets S$'000	Liabilities S$'000	Assets S$'000	Liabilities S$'000				
Group								
Other payable (Note 17)	–	–	–	3,042	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the other payable.	Discount rate of 6.33% per annum	A slight increase in the discount rate used in isolation would result in an increase in the fair value

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

During the financial year, the amount of S$3,042,000 was reversed in full in the Group's consolidated profit or loss (see Note 31). In 2018, an amount of S$16,000 was recorded in the consolidated statement of profit or loss and other comprehensive income as the fair value adjustment.

Company

The Company had no financial assets or liabilities carried at fair value in 2018 and 2019.

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from previous year.

The capital structure of the Group comprises only of issued share capital and reserves.

The Group is not subject to any externally imposed capital requirements.

5 RELATED COMPANY TRANSACTIONS

Related company in these financial statements refer to the Company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free, repayable on demand and are to be settled in cash unless otherwise stated.

Transactions between the Company and its subsidiary, which are the related company of the Group, have been eliminated on consolidation and are not disclosed in this note.

6 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free, repayable on demand and are to be settled in cash unless otherwise stated.

Related parties are the companies in which the directors of the Company have a controlling interest and shareholders of the Company.

During the financial year, the Group entered into the following significant related party transactions:

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6 RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management personnel during the year are as follows:

	Group	
	2019	**2018**
	S$'000	**S$'000**
Short-term benefits	**1,504**	1,019
Post-employment benefits	**91**	74
Directors fees	**232**	123
Share-based payment	**122**	–
	1,949	1,216

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Cash at bank	**1,583**	1,535	**69**	36
Fixed deposits	**–**	5,989	**–**	5,500
Cash on hand	**11**	6	**–**	–
	1,594	7,530	**69**	5,536
Less: Monies pledged with bank	**(150)**	(211)	**–**	–
Cash and cash equivalents in the statement of cash flows	**1,444**	7,319	**69**	5,536

As at 31 December 2018, fixed deposits bore average interest at 1.43% per annum and for a tenure 1 to 6 months. The fixed deposits can be readily converted into cash and is subject to an insignificant risk of changes in value.

Monies have been pledged to certain financial institution for providing a guarantee for operating activities of the Group. The pledged amount can only be withdrawn upon the expiry of the guarantee.

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8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Trade				
Outside parties	**4,830**	5,336	**–**	–
Loss allowance	**(421)**	(20)	**–**	–
	4,409	5,316	**–**	–
Non-trade				
Deposits	**407**	438	**1**	–
Prepayments	**33**	26	**3**	–
GST receivables	**36**	63	**–**	–
Other receivables	**2,003**	84	**1,812**	18
Advances to subsidiaries (Note 5)	**–**	–	**19,681**	11,355
	2,479	611	**21,497**	11,373
	6,888	5,927	**21,497**	11,373
Deferred service costs				
Outside parties	**857**	2,736	**–**	–
	7,745	8,663	**21,497**	11,373

Included in other receivables are balances of S$1,806,000 held by The Central Depository (Pte) Limited pertained to proceeds from rights issue.

Deferred service costs

Costs relating to warranty services is recognised over time although the Group pays up-front in full for these services. These costs are amortised on a straight-line basis over the period of warranty services.

Analysis of trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2018: 14 to 90 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group assesses the potential customer's credit quality and determines credit limits to be allowed before accepting any new customer. Credit limits granted to customers are reviewed regularly.

Loss allowance for trade receivables are measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of S$421,000 (2018: S$20,000), representing receivables over 60 days past due.

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

Notes to Financial Statements

31 DECEMBER 2019

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. The Group has bad debts written off amounting to S$144,000 in 2019 (2018: S$87,000).

The following table details the risk profile of trade receivables from contracts with customers based on the Group's historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimate of future economic conditions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Group				
		Trade receivables – days past due			
2019	**Not past due**	**1 to 30 days**	**31 to 60 days**	**> 60 days**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Estimated total gross carrying amount at default	**3,520**	**424**	**130**	**756**	**4,830**
Lifetime ECL	**–**	**–**	**–**	**(421)**	**(421)**
					4,409

	Group				
		Trade receivables – days past due			
2018	**Not past due**	**1 to 30 days**	**31 to 60 days**	**> 60 days**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Estimated total gross carrying amount at default	4,328	410	72	526	5,336
Lifetime ECL	–	–	–	(20)	(20)
					5,316

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL – credit-impaired	
	2019	**2018**
	S$'000	**S$'000**
At beginning of the year	**20**	–
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	**401**	20
At the end of the year	**421**	20

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31 DECEMBER 2019

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

Analysis of non-trade receivables

The amounts due from subsidiaries are non-trade, unsecured, interest-free and repayable on demand.

For purpose of impairment assessment, the non-trade receivables are considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the group of companies and there has been no significant increase in the risk of default on the amounts due from subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for this non-trade receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the financial position of the subsidiaries and related party, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of the trade amounts due from subsidiary as well as the loss upon default. Management determines the non-trade receivables are subject to immaterial credit loss.

9 INVENTORIES

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Trading stocks, at cost	**2,414**	2,029	**–**	–
Less: Allowance for inventory obsolescence	**(316)**	(54)	**–**	–
	2,098	1,975	**–**	–
Cost of inventories included in cost of sales	**8,471**	8,105	**–**	–

Movement in the allowance for inventory obsolescence.

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Balance at beginning of the year	**(54)**	–	**–**	–
Inventories written off	**60**	–	**–**	–
Increase in allowance recognised in profit or loss (Note 26)	**(322)**	(54)	**–**	–
Balance at end of the year	**(316)**	(54)	**–**	–

Write-off of inventory amounted to S$245,000 in 2019 (2018: S$118,000) of which S$60,000 (2018: S$Nil) pertained to inventories included in allowance for inventory obsolescence.

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10 PLANT AND EQUIPMENT

	Computers S$'000	Furniture and fittings S$'000	Office equipment S$'000	Renovation S$'000	Total S$'000
Group					
Cost:					
At 1 January 2018	39	10	37	75	161
Additions	99	55	32	63	249
Acquired on acquisition of a subsidiary (Note 31)	7	–	–	–	7
Disposal	(12)	–	–	–	(12)
Written off	(8)	–	–	–	(8)
At 31 December 2018	125	65	69	138	397
Additions	108	21	7	56	192
Written off	–	–	–	(4)	(4)
At 31 December 2019	**233**	**86**	**76**	**190**	**585**
Accumulated depreciation:					
At 1 January 2018	20	2	12	11	45
Depreciation	30	11	18	41	100
Disposal	(12)	–	–	–	(12)
Written off	(8)	–	–	–	(8)
At 31 December 2018	30	13	30	52	125
Depreciation	55	26	21	56	158
At 31 December 2019	**85**	**39**	**51**	**108**	**283**
Carrying amount:					
At 31 December 2019	**148**	**47**	**25**	**82**	**302**
At 31 December 2018	95	52	39	86	272

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10 PLANT AND EQUIPMENT (CONTINUED)

	Computers S$'000	Furniture and fittings S$'000	Office equipment S$'000	Renovation S$'000	Total S$'000
Company					
Cost:					
At 1 January 2018	–	–	–	–	–
Additions	5	–	–	–	5
At 31 December 2018	5	–	–	–	5
Additions	–	19	6	51	76
At 31 December 2019	**5**	**19**	**6**	**51**	**81**
Accumulated depreciation:					
At 1 January 2018	–	–	–	–	–
Depreciation	*	–	–	–	–
At 31 December 2018	*	–	–	–	–
Depreciation	2	3	2	10	17
At 31 December 2019	**2**	**3**	**2**	**10**	**17**
Carrying amount:					
At 31 December 2019	**3**	**16**	**4**	**41**	**64**
At 31 December 2018	5	–	–	–	5

* Less than S$1,000.

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11 RIGHT-OF-USE ASSETS

The Group leases several office premises and equipment at an average lease term of 2 years. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

	Office Premises S$'000	Office equipment S$'000	Motor vehicles S$'000	Total S$'000
Group				
Cost:				
At 1 January 2019	187	1	64	252
Additions	246	6	–	252
At 31 December 2019	**433**	**7**	**64**	**504**
Accumulated depreciation:				
At 1 January 2019	–	–	–	–
Depreciation	172	2	33	207
At 31 December 2019	**172**	**2**	**33**	**207**
Carrying amount:				
At 31 December 2019	**261**	**5**	**31**	**297**

	Office Premises S$'000
Company	
Cost:	
At 1 January 2019	–
Additions	144
At 31 December 2019	**144**
Accumulated depreciation:	
At 1 January 2019	–
Depreciation	32
At 31 December 2019	**32**
Carrying amount:	
At 31 December 2019	**112**

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31 DECEMBER 2019

12 GOODWILL

	Group S$'000
Cost:	
At 1 January 2018	–
Arising on acquisition of a subsidiary (Note 31)	2,171
At 31 December 2018 and 2019	2,171
Accumulated impairment:	
At 1 January 2018 and 31 December 2018	–
Impairment loss	1,200
At 31 December 2019	**1,200**
Carrying amount:	
At 31 December 2019	**971**
At 31 December 2018	2,171

Goodwill acquired in a business combination is allocated, at acquisition, to the CGU that are expected to benefit from the business combination. The carrying amount of goodwill has been allocated to the Insurtech CGU, arising from the acquisition of Insurtech Subsidiary.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the future contract revenue, discount rate, EBITDA and terminal growth rate. Management estimates discount rate using pre-tax rate that reflect current market assessment of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and thereafter budget a perpetual growth of 1.90% (2018: 2.00%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the Insurtech CGU is 9.80% (2018: 11.00%).

Based on the cash flow forecast, these was a shortfall in recoverable amount over enterprise value of the CGU, hence an impairment of S$1,200,000 was recognised (2018: $Nil).

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13 INTANGIBLE ASSETS

	Software construction-in-progress S$'000	Software S$'000	Customer contracts/ relationships S$'000	Total S$'000
Group				
Cost:				
At 1 January 2018	259	286	–	545
Additions	274	8	–	282
Acquired on acquisition of a subsidiary (Note 31)	–	–	1,916	1,916
Transfer	(259)	259	–	–
At 31 December 2018	274	553	1,916	2,743
Additions	249	–	–	249
Transfer	(303)	303	–	–
At 31 December 2019	**220**	**856**	**1,916**	**2,992**
Accumulated amortisation:				
At 1 January 2018	–	200	–	200
Amortisation	–	136	255	391
At 31 December 2018	–	336	255	591
Amortisation	–	132	383	515
At 31 December 2019	**–**	**468**	**638**	**1,106**
Carrying amount:				
At 31 December 2019	**220**	**388**	**1,278**	**1,886**
At 31 December 2018	274	217	1,661	2,152

* Less than S$1,000.

The customer contracts and relationship arises from the acquisition of Insurtech Subsidiary is disclosed in Note 31. The remaining amortisation period of the customer contracts and relationship is three (2018: four) years.

The amortisation of customer contracts and relationship is included in the "Administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

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14 INVESTMENT IN SUBSIDIARIES

	Company 2019 S$'000	Company 2018 S$'000
Unquoted equity shares, at cost	**9,413**	9,408

Details of the Group's significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Date and country of incorporation	Voting power held and ownership interest 2019 %	2018 %
Synagie Sdn. Bhd. **	Warehousing and storage services, retail sale of any kind of product over the internet and wholesale of other household goods.	17 July 2017/ Malaysia	100	100
BTFL Pte. Ltd.*	Value added logistics providers and retail sale via internet.	28 November 2014/ Singapore	100	100
Synagie Pte. Ltd.*	Investment holding.	22 March 2018/ Singapore	100	100
Synagie Insurtech Pte. Ltd.*	Other information technology and computer service activities.	12 April 2018/ Singapore	100	100
1Care Global Pte. Ltd.*(a)	Other information technology and computer service activities and general wholesale trade (including general importers and exporters).	17 August 2010/ Singapore	100	100
1Care Global (Vietnam) Company Limited**(b)	Dissolved.	14 December 2011/ Vietnam	–	100
Synagie Inc.**	Value added logistics providers and retail sale via internet.	15 October 2018/ Philippines	100	100
Synagie (Vietnam) Company Limited**	Value added logistics providers and retail sale via internet.	6 December 2018/ Vietnam	100	100
Synagie (Thailand) Ltd.**(C)	Value added logistics providers and retail sale via internet.	31 July 2019/ Thailand	98	–
Synagie Technologies Pte. Ltd.*(C)	Other information technology and computer service activities.	27 May 2019/ Singapore	100	–
Synagie Insurtech Sdn. Bhd.**(C)	Other information technology and computer service activities.	11 July 2019/ Malaysia	100	–

* Audited by Deloitte & Touche LLP, Singapore.

** Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(a) Acquired by the Group on 20 April 2018 (Note 31)

(b) 1Care Global (Vietnam) Company Limited was dissolved on 15 January 2019.

(c) Incorporated during the year.

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15 TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Trade				
Outside parties	**4,586**	4,087	**–**	–
Non-trade				
Other payables	**2,058**	1,470	**135**	36
Accruals	**2,017**	561	**394**	85
GST payables	**118**	33	**101**	33
Advances from subsidiaries (Note 5)	**–**	–	**4,414**	3,400
	4,193	2,064	**5,044**	3,554
Deferred service revenue	**8,779**	6,151	**5,044**	3,554
Outside parties	**971**	4,369	**–**	–
	9,750	10,520	**5,044**	3,554

Deferred service revenue

Revenue relating to warranty services is recognised over time although the customer pays up-front in full for these services. A contact liability is recognised for revenue relating to the warranty services at the time of the initial sales transaction and is released over the service period.

The credit period on purchases of goods and services from outside parties is 30 to 60 days (2018: 30 to 60 days). No interest is charged on trade and other payables.

The advances from subsidiaries are unsecured, interest-free and repayable on demand.

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16 LEASE LIABILITES

The Group and the Company as lessee

Disclosure required by SFRS(I) 16

	Group 2019 S$'000	Company 2019 S$'000
Maturity analysis:		
Within one year	**205**	51
In the second to fifth year inclusive	**110**	69
	315	120
Less: Unearned interest	**(13)**	(7)
	302	113
Analysed as:		
Current	**195**	47
Non-current	**107**	66
	302	113

The Group and the Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's Finance department.

Reconciliation of liabilities arising from financing activities

The table below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2019	Financing cash flow	Non-cash changes			31 December 2019
			Addition of right-of-use assets (Note 11)	Amortisation of Convertible Notes	Conversion of Convertible Notes	
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Lease liabilities	252	(202)	252	–	–	**302**

	1 January 2018	Financing cash flow	Non-cash changes			31 December 2018
			Equity component of Convertible Notes	Amortisation of Convertible Notes	Conversion of Convertible Notes	
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Convertible Notes	2,881	1,700	(658)	600	(4,523)	–

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17 OTHER PAYABLE

As at 31 December 2018, other payable represents the contingent consideration arising from the acquisition of a subsidiary – Insurtech Subsidiary in 2018. As part of the acquisition deal, an earn-out incentive will be awarded based on the financial performance of Insurtech Subsidiary in 2018 and 2019. The contingent consideration requires the Group to pay the vendor an additional S$3,300,000 if the Insurtech Subsidiary's revenue and profit after tax in each year of 2018 and 2019 exceeds S$5,500,000 ("Revenue Target") and S$1,300,000 ("NPAT Target") respectively as disclosed in Note 31.

As at 31 December 2018, the contingent consideration of S$3,300,000 was accrued at the discounted rate of 6.3% upon inception. As at 31 December 2019, the contingent consideration of S$3,042,000 was reversal as the Revenue Target and NPAT Target were not achieved.

	Group	
	2019 **S$'000**	**2018** **S$'000**
At beginning of the year/inception of acquisition	**3,042**	3,026
Reversal of contingent consideration to profit or loss	**(3,042)**	–
Fair value adjustment	**–**	16
At end of the year	**–**	3,042

18 DEFERRED TAX LIABILITIES

Deferred tax liabilities arose from fair value adjustment on intangible assets – customer contracts/relationship and deferred service revenue in relation to the acquisition of a subsidiary as disclosed in Note 31.

	Intangible assets – Customer contracts/ relationships S$'000	**Deferred service revenue S$'000**	**Total S$'000**
Group			
At 1 January 2018	**–**	–	–
Acquisition of a subsidiary (Note 31)	**326**	94	420
Credit to profit or loss for the year (Note 29)	**(43)**	(14)	(57)
At 31 December 2018	**283**	80	363
Credit to profit or loss for the year (Note 29)	**(66)**	(21)	(87)
At 31 December 2019	**217**	59	276

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19 SHARE CAPITAL

Number of ordinary shares	Group		Company	
	2019 '000	2018 '000	2019 '000	2018 '000
Issued and paid up:				
At beginning of the year	**261,705**	5,932	**261,705**	*
Issuance of performance shares[5]	**3,062**	–	**3,062**	–
Restructuring Exercise[1]	**–**	–	**–**	5,932
Share split[2]	**–**	172,032	**–**	172,032
Conversion of Convertible Notes[3]	**–**	40,741	**–**	40,741
New shares issued pursuant to IPO[4]	**–**	43,000	**–**	43,000
At end of the year	**264,767**	261,705	**264,767**	261,705

Share capital	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Issued and paid up:				
At beginning of the year	**23,769**	7,392	**23,769**	**
Issuance of performance shares[5]	**378**	–	**378**	–
Restructuring Exercise[1]	**–**	7,400	**–**	7,400
Share swap pursuant to Restructuring Exercise[1]	**–**	(7,392)	**–**	–
Share split[2]	**–**	–	**–**	–
Conversion of Convertible Notes[3]	**–**	5,500	**–**	5,500
New shares issued pursuant to IPO[4]	**–**	11,610	**–**	11,610
Share issuance expenses capitalised in equity[4]	**–**	(741)	**–**	(741)
At end of the year	**24,147**	23,769	**24,147**	23,769

* Less than 1,000.

** Less than S$1,000.

(1) On 23 March 2018, the Company allotted and issued an aggregate of 5,932,141 new shares in share capital of the Company for the acquisition of the Company's subsidiary pursuant to the Restructuring Exercise.

(2) On 26 July 2018, the Company split 5,932,142 shares in the issued and paid-up capital of the Company into 172,032,118 shares.

(3) On 26 July 2018, the entire principal amount of the Convertible Notes were converted into 40,740,733 shares.

(4) On 8 August 2018, an additional 43,000,000 new shares were allotted and issued in connection with the listing of the Company on SGX-Catalist. As such, the enlarged share capital of the Company was approximately S$23,769,000 comprising 261,704,993 ordinary shares, after taking into account the capitalisation of IPO listing expenses of approximately S$741,000.

(5) On 14 May 2019 and 2 September 2019, the Company allotted and issued an aggregate of 3,061,696 new shares in share capital of the Company pursuant to the Synagie Performance Share Plan.

All fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends, as and when declared by the Company.

The Synagie Performance Share Plan

Employees of the Group are awarded performance share units ("PSUs") in accordance with the Synagie Performance Share Plan ("Synagie PSP"). The PSUs awarded under the Synagie PSP are valued at fair value based on the market value of the Company's shares at the date of grant. The share price at the date of grant has been assessed as the best estimate and most appropriate measure of the fair value of the PSUs.

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19 SHARE CAPITAL (CONTINUED)

Details of the PSUs granted and vested during the year are as follow:

	Number of PSUs 2019
Granted and vested during May 2019 PSU grant	1,862,783
Granted and vested during Sep 2019 PSU grant	1,198,913
	3,061,696
Share price of units issued and vested at May 2019 grant date (S$)	0.099
Share price of units issued and vested at Sep 2019 grant date (S$)	0.162

The Company recognised total expenses of S$378,000 (2018: S$Nil), related to equity-settled share-based payment transactions during the year.

20 CAPITAL CONTRIBUTION PENDING ALLOTMENT

The capital contribution pending allotment represents rights issue of 39,715,003 rights shares in the share capital of the Company at a consideration less rights issues related expenses of S$3,828,000. The issuance of the rights was on 5 December 2019 and was fully subscribed and paid on 26 December 2019. The capital allotment was carried out on 2 January 2020 and was completed on 6 January 2020.

21 CONVERTIBLE NOTES RESERVE

On 28 July 2018, the entire principal amount of the Convertible Notes was converted into shares. Accordingly, the Convertible Notes amounting to S$1,769,000 was converted to share capital of the Company as at 31 December 2018. The excess of the liability and equity component of the Convertible Notes and principal amount of the Convertible Notes amounting to S$792,000 was reclassified to “Other reserve” upon conversion.

22 MERGER RESERVE

Merger reserve arises from the Restructuring Exercise which involved related parties under common control and represents the difference between the consideration paid by the Company and the equity of the subsidiary acquired under common control that are accounted for by applying the “pooling-of-interest” method.

23 OTHER RESERVE

This represents the excess of the Convertible Notes reserve and principal amount of the Convertible Notes upon conversion to share capital of the Company (Note 21).

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24 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 Operating Segments (see Note 32).

A disaggregation of the Group's revenue for the year, is as follows:

	Group	
	2019	**2018**
	S$'000	**S$'000**
E-commerce:		
– Sale of products on online channels recognised at a point in time	**12,378**	9,569
– Marketing support fees recognised over time	**3,000**	2,461
E-logistics:		
– Warehouse and logistics support fees recognised over time	**882**	952
Insurtech:		
– Sale of warranty support services recognised over time	**3,101**	3,069
	19,361	16,051

25 OTHER INCOME

	Group	
	2019	**2018**
	S$'000	**S$'000**
Gain on disposal of plant and equipment	**–**	1
Government grants	**56**	124
Interest income	**23**	34
Reversal of contingent consideration (Note 17)	**3,042**	–
Others	**34**	38
	3,155	197

26 OTHER OPERATING EXPENSES

	Group	
	2019	**2018**
	S$'000	**S$'000**
Impairment of goodwill	**1,200**	–
Stock loss compensation expense	**269**	–
Impairment loss on financial assets, subject to ECL	**401**	20
Allowance for inventory obsolescence	**322**	54
Bad debts written off	**144**	87
Deposits written off	**57**	–
Inventories written off	**245**	118
Net foreign exchange loss	**27**	5
Plant and equipment written off	**4**	–
	2,669	284

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27 FINANCE COSTS

	Group	
	2019 S$'000	2018 S$'000
Amortisation of Convertible Notes	–	600
Fair value adjustment of other payable (Note 17)	–	16
Interest on lease liabilities	16	–
Interest expense	4	4
	20	620

28 LOSS FOR THE YEAR

This is determined after charging the following:

	Group	
	2019 S$'000	2018 S$'000
Audit fees to auditor of the Company	175	133
Non-audit fees to auditor of the Company(1)	6	30
Amortisation of intangible assets	515	391
Issuance of performance shares	378	–
Directors' remuneration	931	790
Director fees	232	123
Depreciation of plant and equipment	158	100
Depreciation of right-of-use assets	207	–
IPO listing expenses(2)	–	1,043
Staff costs (including director's remuneration)	5,620	3,464
Cost of defined contribution plans included in staff costs	478	360

(1) The Audit Committee had reviewed the non-audit services provided by the auditor, Deloitte & Touche LLP, Singapore and was of the opinion that these services would not affect the independence of the auditor.

(2) This includes an amount of S$160,000 paid to the auditor of the Company in relation to the IPO.

29 INCOME TAX CREDIT

	Group	
	2019 S$'000	2018 S$'000
Current income tax:		
– Current tax expense	–	(10)
– Overprovision in prior year	*	17
	*	7
Deferred tax:		
– Credit to profit or loss	87	57
	87	64

* Less than S$1,000

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29 INCOME TAX CREDIT (CONTINUED)

Domestic income tax is calculated at 17% (2018: 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting loss as follows:

	Group	
	2019	**2018**
	S$'000	**S$'000**
Loss before income tax	**(8,539)**	(7,451)
Income tax credit calculated at 17%	**(1,452)**	(1,267)
Non-deductible expenses	**269**	151
Exempt income	**(517)**	(14)
Overprovision in prior year	*	(17)
Effect of unutilised tax losses and other temporary differences not recognised as deferred tax assets	**1,695**	832
Effect of tax losses not available for set off against future income	–	256
Effect of different tax rates of overseas subsidiary	**(82)**	(4)
Others	–	(1)
Income tax credit	**(87)**	(64)

* Less than S$1,000.

As at 31 December 2019, the Group has unabsorbed tax losses of approximately S$21,851,000 (2018: S$13,623,000) available for offsetting against future taxable income. The unrecorded deferred tax benefits arising from unutilised tax losses and other temporary differences amounted to approximately S$3,884,000 and S$307,000 (2018: S$2,316,000 and S$45,000) respectively.

No deferred tax asset has been recognised due to the unpredictability of future profit streams.

30 LOSS PER SHARE

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

	2019	**2018**
Loss for the year attributable to owners of the Company (S$'000)	**(8,449)**	(7,387)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	**263,342,595**	169,153,294
Basic and diluted (cents per share)	**(3.21)**	(4.37)

In 2018, the loss per share were computed based on weighted average number of shares adjusted to take into account the share split and conversion of Convertible Notes for the financial year ended 31 December 2018.

In 2018, the number of ordinary shares outstanding was retrospectively adjusted for the effect of the share split. The number of shares outstanding is adjusted as if the share split was completed on the first day of prior year.

In 2019, the loss per share were computed based on weighted average number of shares adjusted to take into account the issuance of shares during the year.

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31 ACQUISITION OF A SUBSIDIARY

On 20 April 2018, the Group completed the acquisition of the entire issued share capital of Insurtech Subsidiary for a cash consideration of S$1,293,808; net of related party loans of S$2,006,192.

This acquisition has been accounted for by the acquisition method of accounting. The transfer of economic interest in Insurtech Subsidiary was on 1 January 2018 whilst the transfer of legal interest in Insurtech Subsidiary was on 20 April 2018. All profits and receipts, and all losses and outgoing, accrual or payable in relation to Insurtech Subsidiary on and after 1 January 2018 shall belong to the Group.

The Insurtech Subsidiary is an entity incorporated in Singapore with its principal activity being the provision of information technology and computer services. The Group acquired Insurtech Subsidiary primarily for the addition of a complementary capability of the Group, allowing for potential opportunities to expand its customer base and service offerings.

Total consideration transferred (at acquisition date fair values):

	S$'000
Cash	1,294
Offset arrangement for related party loans	2,006
Contingent consideration arrangement(1)	3,026
Refund for excess of net cash balance(2)	250
Total	6,576

(1) As part of the acquisition deal, an earn-out incentive will be awarded based on the financial performance of the Insurtech Subsidiary in 2018 and 2019. The contingent consideration requires the Group to pay the vendor an additional S$3,300,000 if Insurtech Subsidiary's revenue and profit after tax in each years 2018 and 2019 exceeds S$5,500,000 ("**Revenue Target**") and S$1,300,000 ("**NPAT Target**") respectively.

For financial year ended 31 December 2018 ("**FY2018**"), as Insurtech Subsidiary's actual revenue and NPAT were below the Revenue Target and NPAT Target, the relevant shortfalls are carried forward to the Revenue Target for FY2019 ("**Revised Revenue Target**") and the NPAT Target for FY2019 ("**Revised NPAT Target**"). The earn-out consideration of S$2,000,000 ("**First Earn-Out Consideration**") was withheld and deferred to 31 December 2019 ("**FY2019**").

For financial year ending FY2019, if Insurtech Subsidiary's actual revenue exceeds the Revised Revenue Target and actual NPAT exceeds the Revised NPAT Target, an additional earn-out consideration of S$1,300,000 will be paid out ("**Second Earn-Out Consideration**") on top of the First Earn-Out Consideration.

If Insurtech Subsidiary's actual revenue and/or NPAT falls short of the Revised Revenue Target and the Revised NPAT Target, the Group shall be entitled to offset the aggregate of the two shortfall amounts, from the aggregate of the First Earn-Out Consideration and the Second Earn-Out Consideration.

In the event if Insurtech Subsidiary suffers a net loss after tax in FY2019, the Group is entitled to demand from the Insurtech Vendor the amount of net loss after tax for the relevant year.

As at 31 December 2018, management was of the opinion that the Revenue Target and NPAT Target would be achieved in 2019. As a result, the associated payments of S$3,300,000 have been duly accrued at the discounted rate of 6.30%, as "Other payable" under non-current liability. However, at 31 December 2019, an amount of S$3,042,000 contingent consideration was reversed as the Revenue Target and NPAT Target were not achieved.

(2) Upon completion of the acquisition, Insurtech Subsidiary's net cash balance (determined as current assets minus current liabilities, excluding deferred service costs, prepayments and inventories as at 31 December 2017) exceeded the agreed amount of S$3,300,000 by more than S$250,000. On 2 May 2018, pursuant to the terms of the purchase agreement and its addendums, the excess of net cash capped at S$250,000 was refunded to the vendor.

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31 ACQUISITION OF A SUBSIDIARY (CONTINUED)

Identified assets acquired and liabilities assumed at date of acquisition:

	S$'000
Current assets	
Cash and cash equivalents	833
Trade and other receivables	4,645
Assets classified as held for sale	1,647
Inventories	6
Non-current assets	
Plant and equipment	7
Intangible assets – customer contracts/relationship	1,916
Current liabilities	
Trade and other payables	(3,950)
Liabilities classified as held for sale	(69)
Income tax payable	(210)
Non-current liability	
Deferred tax liabilities	(420)
Net assets acquired and liabilities assumed	4,405

Net cash outflow on acquisition of a subsidiary:

	S$'000
Consideration paid in cash	1,294
Refund for excess of net cash balance	250
Cash and cash equivalent balances acquired	(833)
	711

Goodwill arising on acquisition:

	S$'000
Consideration transferred	6,576
Less: fair value of identifiable net assets acquired	(4,405)
Goodwill arising on acquisition (Note 12)	2,171

Goodwill arose in the acquisition of Insurtech Subsidiary because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

31 ACQUISITION OF A SUBSIDIARY (CONTINUED)

Intangible assets – customer contracts/relationships

The Group has also acquired the customer contracts and relationship of Insurtech Subsidiary as part of the acquisition. The identification and valuation of intangible assets arising from the business combination requires significant judgment and the use of key management assumptions such as future contract revenue, EBITDA and other factors. These assets have been separately identified as intangible assets.

Impact of acquisition on the results of the Group for 2018

Revenue and profit after tax arising from the acquisition amounted to S$2,861,000 and S$506,000 respectively.

32 SEGMENTAL INFORMATION

For purposes of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn are segregated based on the type of goods and services supplied. This forms the basis of identifying the segments of the Group under SFRS(I) 8 Operating segments as follows:

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristics, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, and if applicable, the nature of the regulatory environment.

The Group has three reportable operating segments:

- E-Commerce – providing brand partners in transforming the traditional business models into an online model.
- E-Logistics – providing brand partners with e-commerce fulfilment solutions and online to offline ("**O2O**") fulfilment solutions.
- Insurtech – providing third party administration and value-added services to brand partners in the computer, communication and consumer electronic sector, manage and execute their extended warranty and accidental damage protection programs.

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32 SEGMENTAL INFORMATION (CONTINUED)

Segment revenues and results

The following is an analysis of the group's revenue and results by reportable segment:

	E-Commerce S$'000	E-Logistics S$'000	Insurtech S$'000	Investment holding S$'000	Total S$'000
2019					
Revenue					
Segment revenue	**15,378**	**882**	**3,101**	**–**	**19,361**
Results					
Segment results	**(6,982)**	**265**	**(282)**	**(2,006)**	**(9,005)**
Other income	**81**	**–**	**11**	**3,063**	**3,155**
Other operating expenses	**(1,460)**	**(1)**	**(8)**	**(1,200)**	**(2,669)**
Finance costs					**(20)**
Loss before income tax					**(8,539)**
Income tax credit					**87**
Loss for the year					**(8,452)**
2018					
Revenue					
Segment revenue	12,030	952	3,069	–	16,051
Results					
Segment results	(4,481)	133	262	(2,658)	(6,744)
Other income					197
Other operating expenses	(192)	(87)	(5)	–	(284)
Finance costs					(620)
Loss before income tax					(7,451)
Income tax credit					64
Loss for the year					(7,387)

* Less than S$1,000

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32 SEGMENTAL INFORMATION (CONTINUED)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

	E-Commerce S$'000	E-Logistics S$'000	Insurtech S$'000	Investment holding S$'000	Total S$'000
2019					
Assets and liabilities					
Segment assets	**7,339**	**241**	**2,165**	**4,241**	**13,986**
Unallocated assets					**907**
Total assets					**14,893**
Segment liabilities	**6,718**	**64**	**2,496**	**1,050**	**10,328**
Unallocated liabilities					**–**
Total liabilities					**10,328**
2018					
Assets and liabilities					
Segment assets	5,996	243	6,139	3,936	16,314
Unallocated assets					6,449
Total assets					22,763
Segment liabilities	4,048	119	6,209	3,573	13,949
Unallocated liabilities					–
Total liabilities					13,949

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Geographical information

The Group's revenue from external customers and information about its segment assets by geographical location are detailed below:

	Revenue		Non-current assets	
	2019 S$'000	2018 S$000	2019 S$'000	2018 S$'000
Customer location				
Singapore	**15,799**	15,042	**3,284**	4,477
Malaysia	**2,844**	1,009	**117**	118
Vietnam	**152**	–	**7**	–
Philippines	**439**	–	**44**	–
Thailand	**127**	–	**4**	–
	19,361	16,051	**3,456**	4,595

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32 **SEGMENTAL INFORMATION** (CONTINUED)

Major customer information

The Group's revenue derived from a customer (2018: 1 customer) who individually accounted for 10% or more of the Group's revenue amounted to S$2,247,000 (2018: S$1,742,000).

33 **OPERATING LEASE ARRANGEMENTS**

Disclosure required by SFRS(I) 16

As at 31 December 2019, the Group is committed to S$63,000 for leases exempted under SFRS(I) 16.

Disclosure required by SFRS(I) 1-17

As at 31 December 2018, the Group had outstanding commitments under non-cancellable operating leases, which fell due as follows:

	Group 2018 S$'000
Within one year	771
Within two to five years	494
	1,265

Operating lease payments represent rentals payable by the Group for its warehouse. Leases are negotiated for an average term of two to five years.

34 **COMMITMENT**

As at 31 December 2019, the Group has capital commitment amounting to S$201,600 (2018: S$9,000) for the software development.

35 **SUBSEQUENT EVENT**

The outbreak of COVID-19 in early 2020 has caused disruptions to many industries globally. Despite the challenges, governments and international organisations have implemented a series of measures to contain the epidemic. Management considers the outbreak to be a non-adjusting event for the financial year ended 31 December 2019. Due to the nature of the Group's business in the E-Commerce industry, management does not expect its existing core business to be significantly impacted by COVID-19.

The Group will closely monitor the developments of the COVID-19 pandemic and assess the impact on its operations continuously. Notwithstanding this, the Board of Directors and management have evaluated that the Group will have sufficient working capital and financial resources to meet the obligations as and when they fall due for the next twelve months from end of the reporting period.

Statistics Of Shareholdings

AS AT 3 APRIL 2020

Class of shares	: Ordinary shares
Number of shares (excluding treasury shares)	: 304,481,692
Voting rights	: One vote per share
Number of treasury shares and percentage	: Nil
Number of subsidiary holdings held and percentage	: Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	5	0.71	315	0.00
100 – 1,000	89	12.64	75,075	0.03
1,001 – 10,000	185	26.28	1,039,265	0.34
10,001 – 1,000,000	403	57.24	46,310,938	15.21
1,000,001 AND ABOVE	22	3.13	257,056,099	84.42
TOTAL	**704**	**100.00**	**304,481,692**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	METADROME LTD	71,373,669	23.44
2	AGATE INVESTMENTS LIMITED	34,921,693	11.47
3	RAFFLES NOMINEES (PTE.) LIMITED	30,372,783	9.98
4	TAI LAI FUN CINDY	14,898,250	4.89
5	NG YEW NAM	14,812,000	4.86
6	ZANETTA LEE YUE (ZANETTA LI YU)	10,592,190	3.48
7	STF INVESTMENTS LTD	9,312,400	3.06
8	TAI HO YAN	9,056,250	2.97
9	CAI SONGHAN	8,719,290	2.86
10	CHUA SONG RU @ CAI SONGRU	7,919,290	2.60
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,103,350	2.33
12	AVAS HOLDINGS PTE. LIMITED	6,660,330	2.19
13	DBS NOMINEES (PRIVATE) LIMITED	5,731,316	1.88
14	CITIBANK NOMINEES SINGAPORE PTE LTD	4,825,462	1.58
15	UOB KAY HIAN PRIVATE LIMITED	4,219,900	1.39
16	OCBC SECURITIES PRIVATE LIMITED	3,840,500	1.26
17	ONG ENG YAW	3,297,671	1.08
18	LIM SZE HUA	2,512,152	0.83
19	PHILLIP SECURITIES PTE LTD	2,473,160	0.81
20	CHUE EN YAW (ZHU ENYAO)	1,481,481	0.49
	TOTAL	**254,123,137**	**83.45**

Statistics Of Shareholdings

AS AT 3 APRIL 2020

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

SIZE OF SHAREHOLDINGS	Direct interest	Shareholding %(1)(2)	Deemed interest	Shareholding %(1)(2)
Metadrome Ltd(3)	71,373,669	23.44	–	–
Lee Shieh-Peen Clement(3)	–	–	71,373,669	23.44
Agate Investments Limited(4)	34,921,693	11.47	–	–
Centurion Global Limited(4)	–	–	34,921,693	11.47
Centurion Private Equity Ltd(4)	–	–	34,921,693	11.47
David Loh Kim Kang(4)	–	–	34,921,693	11.47
Han Seng Juan(5)	–	–	37,548,593	12.33
Harmony Treasure Holdings Ltd(6)	–	–	21,880,693	7.19
Chow Helen @ Mrs Cheng Helen(7)	–	–	21,880,693	7.19

Notes:

(1) Calculated based on 304,481,692 shares as at 3 April 2020.

(2) Rounded to the nearest two decimal place.

(3) Mr Lee Shieh-Peen Clement is the sole beneficial owner of Metadrome Ltd. Accordingly, Mr Lee Shieh-Peen Clement is deemed interested in the Shares held by Metadrome Ltd. by virtue of Section 7 of the Companies Act.

(4) Pursuant to Section 7 of the Companies Act, Mr Loh Kim Kang David ("**Mr Loh**") and Mr Han Seng Juan ("**Mr Han**") are deemed to be interested in the Company's shares held by Agate Investments Limited as it is an entity that is wholly owned by Centurion Private Equity Ltd ("**Centurion PE**"). Centurion PE is in turn wholly owned by Centurion Global Ltd which is in turn owned by Mr Loh and Mr Han in equal proportions.

(5) Further to Mr Han's deemed interest in the 34,921,693 shares held by Agate Investments Limited as set out in paragraph 4 above, Mr Han is also deemed to be interested in 2,626,900 shares held by Maybank Kim Eng Securities Pte. Ltd.

(6) Harmony Treasure Holdings Ltd deemed to be interested in 21,880,693 shares held by Raffles Nominees (Pte.) Limited.

(7) Pursuant to Section 7 of the Companies Act. Cap. 50, Chow Helen @ Mrs Cheng Helen is deemed to be interested in all the shares held by Harmony Treasure Holdings Ltd as Chow Helen @ Mrs Cheng Helen is the sole beneficial owner of Harmony Treasure Holdings Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 3 April 2020, approximately 152,548,816 Shares, representing approximately 50.10% of the total number of issued Shares (excluding treasury shares), are in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules which requires at least 10.0% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) are in the hands of the public.

Disclosure of Information on Directors Seeking Re-Election

Ms Zanetta Lee Yue (Zanetta Li Yu) and Ms Tai Ho Yan are the Directors seeking re-election at the forthcoming AGM of the Company (collectively, the "**Retiring Directors**" and each a "**Retiring Director**"), details of which will be communicates to shareholders in due cause.

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"), the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules: –

Name	**Zanetta Lee Yue (Zanetta Li Yu)**	**Tai Ho Yan**
Date of Appointment	28 June 2017	28 June 2017
Date of last re-appointment	N.A.	N.A.
Age	44	45
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and assessed the qualifications and experience of Ms Zanetta Lee Yue (Zanetta Li Yu), is of the view that she has the requisite experience and capabilities to assume the duties and responsibilities as the Executive Director of the Company.	The Board, having considered the recommendation of the Nominating Committee and assessed the qualifications and experience of Ms Tai Ho Yan, is of the view that she has the requisite experience and capabilities to assume the duties and responsibilities as the Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. She is responsible for the Group's growth, business development and corporate affairs. She is also responsible for the Group's acquisitions.	Executive. She is responsible for the operations of the Group's e-commerce and e-logistics segments.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Executive Director
Professional qualifications	Ms Zanetta Lee Yue (Zanetta Li Yu) graduated from the London School of Economics in 2002 with a Bachelor of Science in Economics and Management.	Ms Tai Ho Yan graduated from the University of Wollongong in 1997 with a Bachelor of Commerce.

Disclosure of Information on Directors Seeking Re-Election

Name	Zanetta Lee Yue (Zanetta Li Yu)	Tai Ho Yan
Working experience and occupation(s) during the past 10 years	• 2006 – 2015: Regional Manager, General Distributor Markets, South and South-East Asia of Daimler South East Asia Pte. Ltd. where she was responsible for managing Mercedes Benz general distributors in emerging markets in South and South-East Asia, overseeing sales, marketing, competitor analysis and developing regional growth strategies for vehicle sales. • 2017 – 2018: Executive Vice-President, Growth of Synagie Corporation Ltd. • 2018 – current: Executive Director of Synagie Corporation Ltd.	• 2009 – 2010: Regional Customer Development Director of Bausch & Lomb (S) Pte. Ltd. • 2011–2014: Trading Director of Watsons Singapore Pte. Ltd. where she led the Merchandising Department, Pharmacist Group and Space Management Team. • 2014: Managing Director of Avenza Pte. Ltd. where she was responsible for developing strategy for health and beauty brands and the development of the sales and marketing plan for a new healthcare brand. • 2017 – current: Executive Director of Synagie Corporation Ltd.
Shareholding interest in the listed issuer and its subsidiaries	10,592,190 ordinary shares of the Company (3.48%)	9,056,250 ordinary shares of the Company (2.97%)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	Ms Zanetta Lee Yue (Zanetta Li Yu) is the sibling of Mr Lee Shieh-Peen Clement, the Group's Chief Executive Officer and Executive Director.	None
Conflict of Interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Disclosure of Information on Directors Seeking Re-Election

Name	Zanetta Lee Yue (Zanetta Li Yu)	Tai Ho Yan
Other Principal Commitments* Including Directorships#		
Past (for the last 5 years)	N.A.	• Neugen Private Limited
Present	• Synagie Corporation Ltd. • Synagie Pte. Ltd. • Synagie Sdn. Bhd. • Synagie Insurtech Pte. Ltd. • Synagie Insurtech Sdn. Bhd. • Synagie Hong Kong Limited • Synagie Technologies Pte. Ltd. • 1Care Global Pte. Ltd. • Kokopanda Pte. Ltd. • KKP One Pte. Ltd. • KKP Bay Pte. Ltd.	• BTFL Pte. Ltd. • Synagie Corporation Ltd. • Synagie Sdn Bhd. • Synagie (Vietnam) Company Limited • Synagie (Thailand) Ltd. • Synagie Inc. • Synagie Hong Kong Limited

Disclosure of Information on Directors Seeking Re-Election

Name		Zanetta Lee Yue (Zanetta Li Yu)	Tai Ho Yan
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against her or against a partnership of which she was a partner at the time when she was a partner or at any time within 2 years from the date she ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which she was a director or an equivalent person or a key executive, at the time when she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against her?	No	No
(d)	Whether she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which she is aware) for such purpose?	No	No

Disclosure of Information on Directors Seeking Re-Election

Name		Zanetta Lee Yue (Zanetta Li Yu)	Tai Ho Yan
(e)	Whether she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which she is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or she has been the subject of any civil proceedings (including any pending civil proceedings of which she is aware) involving an allegation of fraud, misrepresentation or dishonesty on her part?	No	No
(g)	Whether she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining her from engaging in any type of business practice or activity?	No	No

Disclosure of Information on Directors Seeking Re-Election

Name			Zanetta Lee Yue (Zanetta Li Yu)	Tai Ho Yan
(j)	Whether she has ever, to her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		No	No
	i.	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or		
	ii.	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or		
	iii.	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or		
	iv.	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere		
	in connection with any matter occurring or arising during that period when she was so concerned with the entity or business trust?			
(k)	Whether she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		No	No

Disclosure of Information on Directors Seeking Re-Election

Name		Zanetta Lee Yue (Zanetta Li Yu)	Tai Ho Yan
Disclosure applicable to the appointment of Director only			
	Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Yes Ms Zanetta Lee Yue (Zanetta Li Yu) is currently the Executive Director of the Company and as such she is familiar with her duties in relation to this current position. She has also attended a formal course on compliance, regulatory and corporate governance to familiarise herself with the regulatory environment in Singapore and the roles and responsibilities of a director of a listed Company.	Yes Ms Tai Ho Yan is currently the Executive Director of the Company and as such she is familiar with her duties in relation to this current position. She has also attended a formal course on compliance, regulatory and corporate governance to familiarise herself with the regulatory environment in Singapore and the roles and responsibilities of a director of a listed Company.

Summary of Resolutions to be Tabled at the Forthcoming Annual General Meeting

As announced on 26 March 2020, the Company had applied to both ACRA and SGX-ST for an extension of time to hold the AGM after considering the advisories and guidelines from, *inter alia*, the Ministry of Health over the concerns regarding the organising of large-group meetings amid the COVID-19 situation. In this regard, the Company had announced on 31 March 2020 and 7 April 2020 that it had received the respective approvals from both ACRA and SGX-ST to defer the holding of the AGM to no later than 29 June 2020.

The Company is currently making arrangements to hold the AGM in a manner that will facilitate shareholders' participation. In doing so, the Company will take into account the elevated set of safe distancing measures that was introduced by the Multi-Ministry Taskforce on COVID-19. Further to this, the Company is also currently looking into the COVID-19 (Temporary Measures) Act 2020 that was passed by Parliament on 7 April 2020 to ascertain the most practical arrangement for the AGM.

The Company strongly encourages all shareholders to complete, sign and return the Proxy Form enclosed with the Notice of AGM in accordance with the instructions printed therein as soon as possible and, in any event, not less than seventy-two (72) hours before the time fixed for the AGM. Shareholders must appoint the chairman of the AGM to act as proxy and direct the vote at the AGM. The Notice of AGM and Proxy Form will be made available in due course.

The Company will make a separate announcement on the finalised arrangements for the AGM in due course.

To give shareholders sufficient time to consider and deliberate the proposed resolutions to be tabled at the AGM, a summary of the proposed resolutions is set out below.

Shareholders should note that the proposed resolutions set out below are indicative only and the final form of the resolutions will be included in the notice of AGM and proxy form to be issued at a later date. Shareholders should also note that the proposed resolutions below may be subject to change due to unforeseen circumstances.

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2019 together with the Auditors' Report thereon. — Resolution 1

2. To approve the payment of Directors' fees in the amount of S$175,945.21 for financial year ending 31 December 2020, to be paid quarterly in arrears. — Resolution 2

3. To re-elect Ms Zanetta Lee Yue (Zanetta Li Yu) pursuant to Regulation 108(1) of the Company's Constitution.
[See Explanatory Note (i)] — Resolution 3

4. To re-elect Ms Tai Ho Yan pursuant to Regulation 108(1) of the Company's Constitution.
[See Explanatory Note (ii)] — Resolution 4

5. To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration — Resolution 5

6. To transact any other ordinary business which may properly be transacted at an AGM.

Summary of Resolutions to be Tabled at the Forthcoming Annual General Meeting

SPECIAL BUSINESS

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

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 ("Companies Act") and Rule 806 of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules")**

That pursuant to Section 161 of the Companies Act and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this resolution was in force, provided always that:

(i) the aggregate number of shares (including shares to be issued pursuant to this resolution) shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this resolution, after adjusting for:

(A) new shares arising from the conversion or exercise of any convertible securities;

Summary of Resolutions to be Tabled at the Forthcoming Annual General Meeting

(B) new shares arising from exercising share options or vesting of share awards, provided that the share options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(C) any subsequent bonus issue, consolidation or subdivision of shares.

(c) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (iii)] Resolution 6

8. **Authority to issue shares under the Synagie Employee Share Option Scheme ("Synagie ESOS")**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant options under the prevailing Synagie ESOS and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Synagie ESOS, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Synagie ESOS and Synagie Performance Share Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)] Resolution 7

Summary of Resolutions to be Tabled at the Forthcoming Annual General Meeting

9. **Authority to issue shares under the Synagie Performance Share Plan ("Synagie PSP")**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant share awards under the Synagie PSP and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the Synagie PSP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Synagie PSP and Synagie ESOS shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (v)] Resolution 8

9. **Proposed Renewal of the Share Buy Back Mandate**

That:

(i) For the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (defined below), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (defined below), whether by way of:

(a) on-market purchases (the "**Market Purchase(s)**") effected on the SGX-ST through the SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(b) off-market purchases (the "**Off-Market Purchase(s)**") effected pursuant to an equal access scheme(s) as may be determined or formulated by the directors of the Company from time to time as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

Summary of Resolutions to be Tabled at the Forthcoming Annual General Meeting

(ii) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution relating to the Share Buyback Mandate and expiring on:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier;

(b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by shareholders in a general meeting; or

(c) the date on which the Share Buybacks are carried out to the full extent mandated,

whichever is the earliest;

(iii) in this resolution relating to the Share Buyback Mandate:

"**Average Closing Market Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, before the day on which the purchases are made, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) day period and the day on which the purchases are made;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Limit**" means that number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the resolution passed in relation to the Share Buyback Mandate, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered after such capital reduction (excluding any treasury shares and subsidiary holdings as may be held by the Company from time to time);

Summary of Resolutions to be Tabled at the Forthcoming Annual General Meeting

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(a) in the case of a Market Purchase, 105.0% of the Average Closing Market Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Market Price;

and "**Relevant Period**" means the period commencing from the date of the resolution passed in relation to the Share Buyback Mandate and expiring on the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier;

(iv) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors of the Company; either be cancelled or held in treasury and dealt with in accordance with the Companies Act; and

(v) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution relating to the Share Buyback Mandate. Resolution 9

Explanatory Notes:

(i) Ms Zanetta Lee Yue (Zanetta Li Yu) will, upon re-election as a Director of the Company, remain as an Executive Director of the Company.

(ii) Ms Tai Ho Yan will, upon re-election as a Director of the Company, remain as an Executive Director of the Company.

(iii) Resolution 6 set out in item 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this resolution is passed and any subsequent consolidation or subdivision of shares.

(iv) Resolution 7 set out in item 8 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the Company pursuant to the exercise of options granted or to be granted under the Synagie ESOS provided that the aggregate additional shares to be allotted and issued pursuant to the Synagie ESOS and Synagie PSP do not exceeding in total (for the entire duration of the Synagie ESOS) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(v) Resolution 8 set out in item 9 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the Company pursuant to the vesting of share awards under the Synagie PSP provided that the aggregate additional shares to be allotted and issued pursuant to the Synagie PSP and Synagie ESOS do not exceeding in total (for the entire duration of the Synagie PSP) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

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