Y-VENTURES
FIND YOUR EDGE

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Y VENTURES GROUP LTD. | ANNUAL REPORT 2019

Y-VENTURES
FIND YOUR EDGE

Annual Report 2019

Contents

CORPORATE **PROFILE**

OUR BUSINESS

We are a data analytics driven, e-commerce retailer and distributor specialising in online retail data analytics, marketing, distribution and sale of a range of merchandises, mainly books and journals, under third party brands. We generate profit through the sale of merchandises under third party brands. We utilise our data analytics capabilities of analysing demand trends, pricing intelligence, consumer sentiment and market competition analysis to streamline research and marketing efforts to enhance our sales results and improve cost efficiency on various online marketplaces, and to enhance global market penetration in respect of our merchandises.

(i) Our E-Commerce Retail and Distribution Business

<u>Third Party Brands</u>

We market and distribute a range of merchandises, mainly books and journals, under third party brands through online marketplaces under a distribution model. We provide value to our suppliers and principals by leveraging on our data analytics capabilities to promote, market and sell their merchandises to reach their target global markets. Our in-house developed software for data analytics, analysis of demand trends and customised research and marketing efforts could provide a better platform to enhance the sales results and improve cost efficiency than self-managed sales channels by brands or third party service providers. Additionally, our expertise and established reputation on the various online marketplaces in different jurisdictions reach out to more sales channels globally as compared to our suppliers and principals using self-managed sales channels. We capitalise on our data analytics capabilities to analyse demand trends of specific books and journals, and analyse consumer sentiment as well as market saturation, to strategise for the sale of our books and journals. The merchandises which we market and distribute are currently targeted for sale on online marketplaces namely in the United States of America.

Website: https://yventures.com.sg

(ii) Our Logistics and Freight Forwarding Services

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

Website: www.skaplogistics.com

(iii) Our Waste Management Services

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

Website: www.junktoclear.com.sg

(iv) Our Supplementary Services

From time to time we provide supplementary ad-hoc services which include the provision of data services and e-commerce market access for non-books brands by leveraging on our data analytics capabilities.

CHAIRMAN'S **STATEMENT**

Dear Shareholders,

2019 has been a year of recovery. We have undertaken a number of initiatives, and progress has been encouraging.

STRENGTHENING OF CORE BUSINESS

The Group has achieved a credible 36.7% increase in sales to US$24.7 million, and has narrowed its losses by 57.7% to US$1.69 million. This is due to the Group shifting its focus back on strengthening our core capabilities in data analytics and applying it to the sales of books in the global online marketplace. We are also pleased to make the Top 100 Singapore's fastest growing companies 2020 list compiled by the Straits Times and Statista for the 2nd year in a row.

The Group has also made significant progress in streamlining its operations to reduce administrative expenses and improve overall cost efficiency.

STRENGTHENING OUR BALANCE SHEET

In October 2019, the Group completed a shares placement of S$2 million, from a number of high profile seasoned investors and related e-commerce industry partners. The show of confidence in the Group is heartening despite a difficult capital market environment. To align my interest with the shareholders, I had also taken part in a vendor sale from Mr Low Yik Sen, Managing Director of the Group, to invest alongside the other placees.

The S$2 million raised allows us to increase our working capital, enabling us to purchase more for our inventory and help grow our revenue base.

At the same time, the Company is also looking out for opportunities to diversify our revenue stream.

LOOKING OUT FOR MERGERS AND ACQUISITIONS, JOINT VENTURES AND INVESTMENT OPPORTUNITIES

With our core capabilities and the fast growing e-commerce market that we are in, it is of no surprise that we have many synergies with potential strategic partners. We are identifying opportunities to leverage on these synergies and strengthen our position with further technological development as well as achieve growth through Mergers and Acquisitions, Joint Ventures and Investments.

LOOKING TO THE FUTURE

The COVID-19 pandemic is having a significant impact on the global economy. While we are optimistic about our long term prospects, we have to stay vigilant and are continuously assessing the impact on our business as the situation continues to evolve.

ACKNOWLEDGEMENT

We would like to take this opportunity to express our utmost gratitude to the management team, staff and business partners for their continued hard work and dedication. We would also like to thank our shareholders and suppliers for their strong support and continuing faith. We look forward to doing even better in 2020!

Thank you.

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

FINANCIAL **REVIEW**

REVIEW OF FINANCIAL PERFORMANCE (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)

Revenue

The revenue increased by 36.7% or US$6.6 million from US$18.1 million in FY2018 to US$24.7 million in FY2019. The increase was mainly due to an increase in the sales of goods on online marketplaces.

The breakdown of revenue is as follows:

	The Group	
	FY2019	FY2018
Revenue	**US$**	**US$**
Sales of goods	**24,262,073**	17,512,504
Service Income	**435,755**	553,343
	24,697,828	18,065,847

The increase in revenue from the sales of goods in FY2019 was mainly attributable to the book sales amounting to US$14.6 million in FY2018 as compared to US$23.3 million in FY2019. This was the result of obtaining increased discounts from publishers.

The Group's revenue from service income is largely derived from our waste management services which have reduced by 21.2% or US$0.1 million from US$0.5 million in FY2018 to US$0.4 million in FY2019.

The Group's revenue from service income has reduced by 21.3% or US$0.1 million from US $0.5 million in FY2018 to US$0.4 million in FY2019. Service income is largely derived from our Waste Management Business.

Cost of sales

The cost of sales increased by 17.5% or US$2.2 million from US$12.8 million in FY2018 to US$15.1 million in FY2019 mainly due to the corresponding increase in sales. In FY2019, there was lower write-down of inventories.

Gross profits

The gross profit margin for FY2019 and FY2018 were approximately 38.9% and 28.9% respectively. The increase in gross profit margin was mainly due to scaling down of the distribution of non-books products which has lower margin in FY2019. In FY2018, there was a write-down of inventories of US$0.5 million.

The gross profit margin for service income remained largely stable.

Other income

The other income decreased by 42.6% or US$0.5 million from US$1.1 million in FY2018 to US$0.6 million in FY2019. In FY2018, the Company divested its shareholding interest in Luminore 8 Pte. Ltd. which resulted a net gain on disposal of US$0.9 million. In FY2019, the Company divested its shareholding interest in Faire Holdings Pte. Ltd. which resulted a net gain on disposal of US$0.1 million and higher government grants of US$0.3 million.

Selling and distribution expenses

The selling and distribution expenses increased by 42.7% or US$2.2 million from US$5.3 million in FY2018 to US$7.5 million in FY2019 mainly due to the increase in sales of books through online marketplaces and higher storage costs due to the surge in books purchases. In FY2018, the sales of non-books incurred lower selling and distributed expenses.

Administrative expenses

The administrative expenses decreased by 4.3% or US$0.2 million from US$4.5 million in FY2018 to US$4.3 million in FY2019. In FY2018, there were professional fees incurred by Luminore 8 Pte. Ltd. In FY2019, there was lower write-down of inventories offset by professional fee incurred on the independent review.

Finance costs

The finance costs increased by 13.9% or US$10,622 from US$76,436 in FY2018 to US$87,058 in FY2019 mainly due to the utilisation of the credit facilities and interest expense on lease liabilities.

FINANCIAL REVIEW

Impairment loss on financial assets

The impairment loss on financial assets decreased by 95.0% or US$0.4 million from US$448,936 in FY2018 to US$22,309 in FY2019 mainly due to lower allowance for impairment loss on receivables.

Loss after tax

The loss after tax for FY2019 was US$1.7 million, an improvement of 57.7% when compared to US$4.0 million loss after tax recorded in FY2018.

REVIEW OF FINANCIAL POSITION (STATEMENTS OF FINANCIAL POSITION)

Current assets

The current assets increased by 109.7% or US$12.8 million from US$11.6 million as at 31 December 2018 to US$24.4 million as at 31 December 2019. This was mainly due to the increase in inventories of book products in anticipation of higher sales in FY2020.

Non-current assets

Non-current assets increased by 4.2% or US$70,565 from US$1,665,921 as at 31 December 2018 to US$1,736,486 as at 31 December 2019. This was primarily due to the Group recording rights-of-use assets of US$0.3 million as a result of adopting SFRS(I) 16 on 1 January 2019. Further details are set out in the Notes to Financial Statements from page 87 to 135.

Current liabilities

The current liabilities increased by 143.0% or US$12.9 million from US$9.0 million as at 31 December 2018 to US$21.9 million as at 31 December 2019. This was mainly due to the increase in trade and other payables from the purchase of inventories at year end 2019. In 2019, there was a net repayment of borrowings of US$0.8 million.

Non-current liabilities

Non-current liabilities increased by 7.5% or US$70,764 from US$946,574 as at 31 December 2018 to US$1,017,338 as at 31 December 2019 mainly due to the Group recording lease liabilities of US$108,574 as a result of adopting SFRS(I) 16 on 1 January 2019 offset by the decrease in borrowing.

Working capital

The Group had working capital of US$2.5 million as at 31 December 2019 as compared to US$2.6 million as at 31 December 2018. The decrease was mainly due to the increase in trade and other payables offset by the decrease in borrowings and increase in inventories.

Shareholders' equity

The Group's shareholders' equity decreased by 3.8% or US$0.1 million from US$3.3 million as at 31 December 2018 to US$3.2 million as at 31 December 2019 mainly due to the loss for the year which was offset by the issuance of shares pursuant to the placement of 24,660,000 new ordinary shares to private investors.

REVIEW OF CASH POSITION (CONSOLIDATED STATEMENT OF CASH FLOWS)

Net cash flow used in operating activities for FY2019 was US$0.2 million, comprising mainly operating cash flow before working capital of approximately US$1.1 million and offset working capital inflow of US$0.9 million. The working capital inflow was largely due to increase in payables and contact liabilities of US$13.8 million offset by increased purchase of inventories of US$12.8 million. Net cash used in investing activities of US$83,801 was mainly from purchase of intangible assets and net cash outflow from disposal of a subsidiary. Net cash generated from financing activities of US$0.9 million was mainly from the proceeds through the issuance of shares offset by the repayments of borrowings.

Overall, the cash and cash equivalents of the Group increased in FY2019, ending the period with cash and cash equivalents of US$1.1 million.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

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

Mr Low Yik Sen
Managing Director

Mr Low Yik Jin
Chief Executive Officer and Executive Director

Mr Edward Tiong Yung Suh
Lead Independent Director

Mr Goh Cher Shua
Independent Director

Mr Ng Tiong Gee
Independent Director

Mr Tan Jia Kien
Independent Director

AUDIT COMMITTEE
Mr Goh Cher Shua *(Chairman)*
Mr Edward Tiong Yung Suh
Mr Ng Tiong Gee
Mr Tan Jia Kien

NOMINATING COMMITTEE
Mr Tan Jia Kien *(Chairman)*
Mr Edward Tiong Yung Suh
Mr Goh Cher Shua
Mr Ng Tiong Gee

REMUNERATION COMMITTEE
Mr Edward Tiong Yung Suh *(Chairman)*
Mr Goh Cher Shua
Mr Ng Tiong Gee
Mr Tan Jia Kien

COMPANY SECRETARY
Ms Wee Woon Hong, LLB (Hons)

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9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619

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

SHARE REGISTRAR
RHT Corporate Advisory Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

BOARD OF **DIRECTORS**

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

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

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

Low Yik Jin, one of our co-founders, is our Chief Executive Officer and Executive Director. He is responsible for the overall day-to-day management of our Group including business strategy, online marketplace channel expansion, online sales and technology development. He has accumulated 17 years of experience in the e-commerce market since 2003 when he first sold second-hand books online. He grew our Group from a start-up to an e-commerce enterprise selling products across 20 online marketplaces today, with sales revenue of approximately US$24.3 million for FY2019. Low Yik Jin graduated from the University of Washington, USA in 2004 with a Bachelor of Science majoring in Applied and Computational Mathematics. He further obtained his Master in Business Administration (MBA) from Peking University, the PRC in 2010.

LOW YIK SEN
Managing Director
Appointed on: 2 January 2013

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

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

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

BOARD OF DIRECTORS

NG TIONG GEE
Independent Director
Appointed on: 29 May 2017

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

GOH CHER SHUA
Independent Director
Appointed on: 7 May 2019

Goh Cher Shua is one of our Independent Directors and the Audit Committee Chairperson of our Group. He has over 30 years of work experience in accounting and finance functions. He was the Chief Financial Officer at Hong Leong Asia Ltd and was responsible for all financial matters which includes financial reporting, strategic financial planning, treasury and internal controls. Prior to joining Hong Leong Asia Ltd., he held the position of Financial Controller of UTAC Dongguan Ltd. in January 2011. Prior to that, he held various senior management positions in companies listed on Singapore Exchange Securities Trading Limited. He started his career with the subsidiaries of multinational corporations such as General Electric and Matsushita Electric (now known as Panasonic Corporation) in Singapore. He graduated with a Bachelor of Accountancy from National University of Singapore in 1979 and Master of Business Administration (MBA) from University of Wales, Bangor (United Kingdom) in 1996. He is a Fellow of the Institute of Singapore Chartered Accountants (ISCA).

TAN JIA KIEN
Independent Director
Appointed on: 14 October 2019

Tan Jia Kien is one of our Independent Directors and the Nominating Committee Chairperson of our Group. He is currently the Managing Director of The Finlab Pte. Ltd. and has more than 15 years of market entry and business experience. He was the Business Development Director of Wong Fong Research and Innovation Centre in 2015. From 2011 to 2015, he served Evolusia LLP as Senior Consultant responsible to help its stakeholder to identify and map out holistic strategies to achieve goals. Prior to that, he was active in Performance Leadership Pte. Ltd. and NTU Ventures Private Limited (now known as Nanyang Technological University – Ntuitive Pte. Ltd.) as Associate Director and Mentor, respectively, to entrepreneurs and aspiring in process and business management. From 2007 to 2009, he was the Vice President (Deposits) and Head of finatiQ.com at Oversea-Chinese Banking Corporation Limited ("**OCBC**"), responsible for strategic and business planning. Before his stint at OCBC, he was one of the founders of SilkRoute Ventures Pte Ltd, one of the pioneering internet companies during the initial dot-com boom where Pacific Century Cyberworks Limited took a 25% stake at a US$100 million valuation in 1999. He graduated from Kent State University, Ohio (USA) in 1988 with a Bachelor of Science (Computer Science).

KEY **MANAGEMENT**

GOH LAY LAN
Financial Controller

Goh Lay Lan is our Financial Controller. She is primarily responsible for all finance activities and accounting operations, reviewing legal documents, liaising with external lawyers and providing financial strategic planning, budgeting and forecasting of the Group. Prior to joining our Group, she was the Financial Controller of Healthway Medical Corporation Limited from November 2016 to August 2017 and Regional Controller at Select Service Partner Singapore Pte Ltd from March 2011 to May 2016. She is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA).

LIM LI JIE
Data Analytics Manager

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

LIM POH LIAN
Freight Manager

Lim Poh Lian is the Freight Manager of our Group. She has more than 13 years of experience in the logistics industry and joined our Group in 2012. Her main responsibilities include coordination, cross-border freight arrangements and being a liaison with last-mile fulfilment companies on rates and schedules. In addition, she manages all logistics by coordinating shipments and monitoring delivery statuses. Lim Poh Lian started her career back in 1997 with Hankyu International Pte. Ltd. as an export executive managing customer accounts and handling customer service matters. Subsequently, she joined Tokyu World Transport Pte. Ltd. from 2002 as a senior import supervisor. She was responsible for coordinating and monitoring shipments. Between 2004 to 2010, she was employed as a corporate manager with Pioneer Express International Pte. Ltd. Her main responsibilities include managing key customers such as Sandvik and D-Link. After which, she joined ASM Logistics Pte. Ltd. as the international freight manager where she handled customer service enquiries and logistics matters including freight quotations and monitoring shipments. Lim Poh Lian attained a GCE "O" Level certification in 1981.

CORPORATE GOVERNANCE REPORT

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

This report outlines the Company's main corporate governance practices that were in place since our listing during the financial year ended 31 December 2019 ("**FY2019**") with reference to the principles set out in the Code of Corporate Governance 2018 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Guide**"). The Company has complied with the principles and provision as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and the Guide.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

<u>Provisions 1.1</u> **Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.**

Apart from its statutory and fiduciary responsibilities, the primary functions of the Board are to perform their roles and responsibilities laid out under the Code and the Board's terms of reference. Please refer to Table A set out on pages 37 to 40 of this Annual Report for the composition and primary functions of the Board.

The Board objectively makes decisions in the best interest of the Group. Any Director facing a conflict of interests will recuse him or herself from participating discussions and decisions on the matter involving the issue of conflict. All Directors are subject to an annual declaration of conflict of interests and as soon as they are aware of circumstances giving rise to such conflict.

<u>Provisions 1.2</u> **Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.**

To keep the Directors abreast of development in the Group's industries as well as the Company's operations, the Board is briefed by the Management on the development and progress of the Group's key operations.

The Directors regularly update themselves on their duties and responsibilities as directors, changes to any relevant laws and regulations such as the Listing Rule of the SGX-ST (the "**Catalist Rules**"), the Code, the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"), etc. and changing commercial risks.

CORPORATE **GOVERNANCE REPORT**

If regulatory changes have a material impact on either the Group or the Directors, the Management will update the Directors during the Board meetings. The Company Secretary (or their representatives) also briefs the Directors on key regulatory changes, while Baker Tilly TFW LLP, the Company's external auditor (the "**External Auditor**") briefs the AC on key amendments to the accounting standards.

The Board recognises the importance of ongoing training and development for the Directors so as to enable them to serve effectively and contribute to the Board. Newly appointed Directors undergo an orientation program, to provide them with overview of the business, trends, operations of the Group. Every Director is provided with opportunities to attend additional training to further their skills in performing their duties, including attending courses and/or events organised by the Singapore Institute of Directors ("**SID**") at the Company's expense.

For newly appointed Directors who have no prior experience as director of a listed company in Singapore, the training programmes conducted by SID as prescribed by the SGX-ST will be arranged immediately so as to equip them with the skills and knowledge to discharge their statutory and fiduciary duties. Mr Goh Cher Shua and Mr Tan Jia Kien, both were appointed as Independent Directors of the Company in FY2019, had no prior experience as a director of the listed company. Notwithstanding that, they had undertaken to attend a series of training programmes prescribed by the SGX-ST conducted at SID, namely, Listed Entity Director Programme ("**Mandatory Training**"), to equip themselves for the roles and responsibilities of a director of a listed company in Singapore.

<u>Provisions 1.3</u> **The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.**

The Board has adopted a set of internal guidelines setting forth matters that specifically require the Board's approval, which include:

- Allotment and issuance of new shares in the Company;
- Grant of share awards under the Performance Share Plan;
- Issue of convertible bonds and warrants;
- Bank matters including opening of bank accounts, change of bank signatories, acceptance of banking facilities and issuance of corporate guarantees;
- Acquisition and realisation of shares in subsidiaries and any other companies;
- Major acquisition and disposal of assets and any proposal for investment and divestment of interests;
- Incorporation of subsidiaries, subscription of shares in subsidiaries, capitalisation of loan due from subsidiaries and appointment of corporate representative;
- Sales and purchase agreements and any other agreements entered on acquisition or disposal of assets outside the ordinary course of business;
- Approving announcements, financial results announcements for public release;
- Conducting general meetings;
- Financial and secretarial matters including approval of audited financial statements, Directors' statements, approval of annual capital expenditure, change of registered office and any proposed alteration to the Constitutions of the Company; and
- Appointment of Directors, executive officers, auditors and Power of Attorney.

CORPORATE GOVERNANCE REPORT

Provisions 1.4 **Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.**

The Board delegates the implementation of the business policies and day-to-day operations to the Executive Directors of the Company, namely, Mr Lew Chern Yong, Mr Low Yik Sen and Mr Low Yik Jin, as well as the Group's Management team.

The Board is further supported in its functions and has delegated certain authorities to three (3) Board Committees, namely, Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Audit Committee ("**AC**") (collectively, the "**Board Committees**") which have been established to facilitate and assist in the execution of its responsibilities as set out in the written terms of reference.

All Board Committees are chaired by Independent Directors and each of the Board Committees has its own terms of reference setting out the scope of its duties and responsibilities, the rules and regulations and procedures governing the manner in which it is to operate and how decisions are to be taken.

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

Please refer to Table A set out on pages 37 to 40 of this Annual Report for the composition and primary functions of the Board Committees.

Provisions 1.5 **Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.**

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

Dates of Board and Board Committees meetings and shareholders' meetings (i.e. annual general meetings and extraordinary general meetings) are scheduled in advance in consultation with all of the Directors. For those Directors who are unable to attend the scheduled meeting in person, they are invited to participate in the meeting via telephone or video conference.

The number of Board and Board Committees meetings and the record of attendance of each Director during FY2019 is set out on page 41 of this Annual Report.

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

The NC has reviewed the multiple board representations of each Director, and noted that the Directors who are holding multiple board representations have been adequately carrying out their duties as directors of the Company, and have devoted sufficient time and attention to the affairs of the Group.

CORPORATE GOVERNANCE REPORT

Provisions 1.6 **Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.**

The Directors are provided with complete, adequate and timely information prior to Board and Board Committees meetings to ensure that the Directors have adequate time to review the same and request further explanations, where necessary. These include background and explanations of the meeting materials to the Board and Board Committees, and in respect of budgets and financial results, any material variance between the budgets and projections and actual results is disclosed and explained.

The Board also receives regular updates from the Management on any significant developments on business initiatives, and industry developments concerning the Group's business.

Additional information, documents and materials are provided to the Directors as and when required to enable them to make informed decisions and discharge their duties and responsibilities.

Provisions 1.7 **Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.**

The Board has separate and independent access to the Management and the External Auditor at all times. Queries by individual Directors on the Company's developments, management proposals or papers are directed and answered by the Management.

In addition, the Directors, either individually or as a group, are provided with direct access to the Group's independent professional advisors, to seek separate independent professional advice on the Company's affairs or in respect of his fiduciary or other duties, where necessary. The cost of all such professional advice is borne by the Company.

The Board also has separate and independent access to the Company Secretary, who monitors and advises on corporate governance matters, and on compliance with the Constitution, Companies Act, and the Catalist Rules. The Company Secretary (or her representatives) attends all meetings of the Board and Board Committees and facilitates the effective functioning of the Board and Board Committees in accordance with their terms of reference and best practices. The appointment and the removal of the Company Secretary are subject to the Board's approval.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: 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.

<u>Provisions 2.1</u> **An "independent" director" is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.**

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

Based on the confirmation of independence submitted by the Independent Directors and the results of the NC's review, the NC was of the view that each Independent Director is independent in accordance with both Catalist Rules and the Code.

The RC noted that Mr Goh Cher Shua, the Independent Director of the Company, is the father of Mr Sean Goh Hong Yi, the Head of Data Science of the Company. Mr Goh Cher Shua's son was hired in June 2017 by the Company's subsidiary, LYJ International Pte. Ltd. and is not an executive officer of the Company. He was hired prior to Mr Goh Cher Shua becoming an Independent Director of the Company. The salary, remuneration, employment benefits, and other terms of remuneration are not subject to the review, approval or determination of the RC. Mr Sean Goh Hong Yi reports directly to the CEO of the Company. Accordingly, the RC noted that Mr Goh Cher Shua's independence is not affected by Catalist Rule 406(3)(d) and the Code. Further details are set out in Provision 4.4

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

<u>Provisions 2.2</u> **Independent directors make up a majority of the Board where the Chairman is not independent.**

The Board currently comprises seven (7) members, three (3) of whom are Executive Directors (one of which is Executive Chairman of the Board) and the remaining four are Independent Directors and representing a majority of the Board – Mr Edward Tiong Yung Suh (Lead Independent Director), Mr Ng Tiong Gee, Mr Goh Cher Shua and Mr Tan Jia Kien.

Please refer to Table A set out on pages 37 to 40 of this Annual Report for the composition of the Board of Directors.

<u>Provisions 2.3</u> **Non-executive directors make up a majority of the Board.**

The Board comprises seven (7) members, four (4) of whom are Independent Non-Executive Directors and representing a majority of the Board.

CORPORATE **GOVERNANCE REPORT**

Provisions 2.4 **The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.**

The Board currently comprises business leaders and professionals with diverse backgrounds such as legal, accounting, finance, business management and experience, industry knowledge and strategic planning. The members of the Board with the range of business management and professional experience, knowledge and expertise, provide the core competencies and objective perspective on the Group's business and direction. Information on the individual Directors' academic, professional qualifications, background and other appointment are set out in the "Board of Directors" section on pages 7 to 8 of this Annual Report.

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

Having considered the current scope and nature of the Group's operations, the Board is satisfied that the current composition mix and size of the Board are appropriate for the Group to facilitate independent and effective decision-making.

The Board recognises the benefits of having a diverse board to help bring in new ways of thinking, insights and different perspectives to the Board, which will result in productivity and quality of board deliberations. While the Board and NC have not implemented a fixed diversity policy, the composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective in reviewing the issues that are brought before the Board and enable it to make decisions in the best interests of the Company. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

Provisions 2.5 **Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.**

The Independent Directors meet at least once a year without the presence of the Executive Directors and Management. Where necessary, the Lead Independent Director will chair meetings (without involvement of the Executive Directors and/or Management) to discuss and review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance which are subsequently provide feedback to the Board to aid and facilitate well-balanced viewpoints on the Board.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Principle 3: 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.

Provisions 3.1 **The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.**

The Executive Chairman and the CEO are not related and the positions of the Chairman and CEO are kept separate.

The Executive Chairman, Mr Lew Chern Yong is responsible for driving the Group's strategic direction and growth, as well as providing mentorship and guidance to the Management. The CEO, Mr Low Yik Jin, is an Executive Director responsible for the overall day-to-day management of the Group, including business strategy, online marketplace channel expansion, online sales and technology development.

The Executive Chairman and CEO are not related and there is a clear division of responsibilities between their roles to ensure a balance of power and authority.

Provisions 3.2 **The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.**

All major proposal and decisions made by the Executive Chairman and CEO are also discussed and reviewed by the Board with the assistance of the Board Committees. As the AC, NC and RC consists of all Independent Directors, the Board believes that there are strong and independent elements and adequate safeguard in place to ensure the decision-making process of the Group would not be hindered.

Provisions 3.3 **The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.**

Mr Edward Tiong Yung Suh is the Lead Independent Director of the Company.

The Lead Independent Director avails himself to address shareholders' concerns and acts as a counterbalance in the decision-making process. Shareholders with concerns may contact him directly through channels as described on the Company's website, in the event that contact through the normal channels via the Chairman and the Management has failed to provide the shareholders with satisfactory resolution, or when such normal channels of communication are appropriate.

CORPORATE **GOVERNANCE REPORT**

Board Membership

Principle 4: 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.

Provisions 4.1 **The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:**

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;
(c) the review of training and professional development programmes for the Board and its directors; and
(d) the appointment and re-appointment of directors (including alternate directors, if any).

The NC is established and governed by its terms of reference which are approved by the Board. Please refer to Table A set out on pages 37 to 40 of this Annual Report for the composition and functions of the NC, which includes the above-listed functions, based on the terms of reference.

Provision 4.2 **The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.**

The NC currently comprises of four (4) members, namely Mr Tan Jia Kien (Chairman), Mr Edward Tiong Yung Suh, Mr Ng Tiong Gee and Mr Goh Cher Shua, all of whom are Independent Directors. The Lead Independent Director, Mr Edward Tiong Yung Suh is a member of the NC.

Provision 4.3 **The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.**

All selection, appointment and re-appointment of Directors are reviewed and proposed/recommended by the NC.

In the search, nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, based on the desired qualifications, skill sets, competencies and experience, which are required to supplement the Board's existing attributes and the requirements of the Company. Potential candidates will first be drawn from contacts and networks of existing Directors. If candidates identified from this process are not suitable, the NC may seek assistance from external search consultants for the selection of potential candidates.

Thereafter, the NC with the assistance of the Management, taps on the resources of directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, recommendations from the SID are considered.

CORPORATE GOVERNANCE REPORT

Interviews are set up with potential candidates for NC members to assess them, before submitting the recommendations to the Board for approval. The Board will consider the candidate's ability to add value to the Company's business in line with its strategic objectives.

All Directors submit themselves for re-nomination and re-election at least once every three years. In accordance with the Company's Constitution, one-third of the Directors (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at every annual general meeting of the Company. Any Director appointed by the Board during the financial year shall hold office only until the next annual general meeting. A retiring Director shall be eligible for re-election.

The NC has recommended to the Board for Mr Low Yik Sen, Mr Ng Tiong Gee, Mr Goh Cher Shua and Mr Tan Jia Kien, to retire pursuant to Regulations 117 and 122 of the Company's Constitution for approval by the Shareholders at the forthcoming AGM of the Company. The NC makes recommendations to the Board on all Board appointments and on the composition of Executive and Independent Directors of the Board. The NC is also charged with re-nominating directors who are retiring by rotation as well as determining annually whether or not a director is independent. Please refer to Table C set out on pages 42 to 49 of the Annual Report for information of directors seeking re-election.

The NC also reviews the succession plan for directors, in particular, the Executive Chairman, CEO and key executive, and is responsible for assessing candidates as possible new members of the Board. The Company identifies and prepares suitable candidates for key management positions by mentoring and training these candidates.

<u>Provision 4.4</u> **The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.**

The NC conducts an annual review of the Directors' independence, taking into the consideration the circumstances set forth in the Catalist Rules and the Code. The Directors are required to disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board.

Mr Goh Cher Shua, the Independent Director of the Company, is the father of Mr Sean Goh Hong Yi, the Head of Data Science of the Company. Mr Goh Cher Shua's son was hired in June 2017 by the Company's subsidiary, LYJ International Pte. Ltd. and is not an executive officer of the Company. He was hired prior to Mr Goh Cher Shua becoming an Independent Director of the Company. The salary, remuneration, employment benefits, and other terms of remuneration are not subject to the review, approval or determination of the RC. Mr Sean Goh Hong Yi reports directly to the CEO of the Company. Accordingly, Mr Goh Cher Shua's independence is not affected by Catalist Rule 406(3)(d) and the Code.

Following its annual review, the NC is of the view that Mr Edward Tiong Yung Suh, Mr Ng Tiong Gee, Mr Goh Cher Shua and Mr Tan Jia Kien are independent.

CORPORATE **GOVERNANCE REPORT**

<u>**Provision 4.5**</u> **The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.**

Newly appointed Directors with no prior experience as director of SGX-listed company will undergo and complete the trainings in relation to the roles and responsibilities of a director of a listed company in Singapore conducted at SID within one (1) year from the date of his appointment to the Company as prescribed in Catalist Rules as well as in other relevant areas at the expense of the Company.

The NC noted that both Independent Directors, Mr Goh Cher Shua and Mr Tan Jia Kien, have no prior experience as director of SGX-listed company and had immediately arranged for them to attend the Mandatory Training upon appointment. Mr Goh Cher Shua and Mr Tan Jia Kien had undertaken to complete the Mandatory Training within the stipulated deadline as prescribed in the Catalist Rules. The NC is mindful that such training programme prescribed by the SGX-ST for a newly appointed director with no prior experience as director of SGX-listed company is mandatory under the Catalist Rules, and will ensure the newly appointed director has detailed knowledge of his fiduciary and statutory duties and responsibilities so as to perform his duties effectively. The NC has equally noted that directors should receive further relevant training and keep abreast of new developments from time to time so as to enable them to perform their duties effectively.

All directors declare their board representation as and when practicable. The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Group to adequately perform their duties as directors of the Group. The information on each directors' other appointments and other principal commitments is set out below and in page 45 of this Annual Report.

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

The NC is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company Board representations and their principal commitments. Currently, the NC does not determine the maximum number of listed company Board representations which a Director may hold as the NC is of the view that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The Board will consider this issue on a case-by-case basis.

CORPORATE GOVERNANCE 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 corporation (if any) as at the date of this Corporate Governance Report is set out below:

Name of Directors	Directorship in Listed Company		Principal Commitments	Shareholding in Company and related corporations	
	Present	Past Preceding Five (5) years		Direct	Indirect
Lew Chern Yong	Y Ventures Group Ltd. Wong Fong Industries Limited	NIL	Executive Chairman of the Company	-	20,500,000 ordinary shares(1)
Low Yik Sen	Y Ventures Group Ltd.	NIL	Managing Director of the Company	-	53,365,000 ordinary shares(2)
Low Yik Jin	Y Ventures Group Ltd.	NIL	Chief Executive Officer of the Company	71,115,000 ordinary shares	2,750,000 ordinary shares(3)
Edward Tiong Yung Suh	Y Ventures Group Ltd.	NIL	Partner of Allen & Gledhill LLP	50,000 ordinary shares	-
Goh Cher Shua	Y Ventures Group Ltd.	NIL	NIL	-	-
Ng Tiong Gee	Y Ventures Group Ltd. GYP Properties Limited	NIL	Chairman of Yellow Pages Pte Ltd	-	100,000 ordinary shares(4)
Tan Jia Kien	Y Ventures Group Ltd.	NIL	Managing Director of the Finlab Pte. Ltd.	-	-

Notes:

(1) Mr Lew Chern Yong is the sole shareholder of Amber Blaze Limited, a company incorporated in the British Virgin Islands, and is deemed to be interested in 20,500,000 ordinary shares which Amber Blaze Limited has interest in by virtue of Section 4 of the Securities Futures Act (Chapter 289) of Singapore.

(2) Mr Low Yik Sen is deemed to be interested in 53,365,000 ordinary shares held under custodian nominee account(s).

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

(4) Mr Ng Tiong Gee is deemed to be interested in 100,000 ordinary shares registered in the name of a nominee account of UOB Kay Hian Private Limited.

Information on the individual Directors' academic, professional qualifications, background and other appointment are set out in the "Board of Directors" section on pages 7 to 8 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1 **The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.**

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

Provision 5.2 **The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.**

The NC had conducted the Board's performance evaluation as a whole for FY2019 together with the performance evaluation of the AC, RC and NC. The performance criteria for the Board and Board Committees' evaluation, as determined by the NC, cover the following areas:-

1. Board Composition and Structure;
2. Conduct of Meetings;
3. Corporate Strategy and Planning;
4. Risk Management and Internal Control;
5. Measuring and Monitoring Performance;
6. Training and Recruitment;
7. Compensation;
8. Financial Reporting;
9. Board Committees; and
10. Communicating with Shareholders.

The abovementioned performance criteria do not change from year to year.

All Directors have completed the Board and Board Committees' evaluation forms mentioned above. The summary of the Board and Board Committee's evaluation was circulated to the members of NC for their review. Areas for improvement were suggested by the NC before submitting to the Board for discussion.

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

The NC is satisfied that the Board as a whole and Board Committees had met its performance objectives for FY2019.

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

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

No external facilitator was engaged by the Company in FY2019.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: 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.

<u>Provision 6.1</u> **The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:**

(a) a framework of remuneration for the Board and key management personnel; and

(b) the specific remuneration packages for each director as well as for the key management personnel.

The RC reviews and recommends to the Board a general framework of remuneration for the Board, and the specific framework of remuneration packages for each director, CEO (if CEO is not a director) and key management personnel, and submit such recommendations for endorsement by the entire Board.

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

Please refer to Table A set out on pages 37 to 40 of the Annual Report for the composition and functions of the RC.

<u>Provision 6.2</u> **The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.**

The RC currently comprises of four (4) members, namely, Mr Edward Tiong Yung Suh (Chairman), Mr Ng Tiong Gee, Mr Goh Cher Shua and Mr Tan Jia Kien, all of whom are Independent Directors.

CORPORATE **GOVERNANCE REPORT**

Provision 6.3 **The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.**

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

Provision 6.4 **The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.**

No remuneration consultants were engaged by the Company during FY2019.

The RC and the Board were of the view that the Company does not need to engage remuneration consultants as the remuneration for Executive Directors and the key management personnel are based on their respective existing service agreements.

Level and Mix of Remuneration

Principle 7: 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.

Provision 7.1 **A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.**

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

Provision 7.2 **The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.**

No Independent Directors nor Non-Executive Director have service agreements with the Company. They are paid Directors' fees, which are recommended by the RC and endorsed by the Board based on the effort, time spent and responsibilities of the Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Independent Directors and Non-Executive Director are subject to approval by shareholders at each annual general meeting thereby ensuring that their independence is not compromised. Each member of RC abstains from making recommendation on his remuneration.

CORPORATE **GOVERNANCE REPORT**

Provision 7.3 **Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.**

To remain competitive, the Company aim to benchmark the Executive Directors and the key management personnel's compensation with that of similar performing companies, taking into consideration the individual's performance, qualification and experience.

The performance criteria for the Executive Directors and key management personnel have been met for FY2019.

Disclosure on Remuneration

Principle 8: 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.

Provision 8.1 **The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:**

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

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

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

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

For FY2019, there was no payment of performance bonus to the Executive Directors.

Please refer to Table D set out on pages 50 to 51 of this Annual Report for remuneration band and details for the Directors and key management personnel.

CORPORATE **GOVERNANCE REPORT**

The Board believes that it is for the benefit of the Company and the Group that the remuneration of key management personnel (who are not Directors of the Company) is disclosed in percentage terms, due to its sensitive nature and concerns of poaching. As the Company has a lean management team, disclosures in dollar terms would be disadvantageous to the Company in relation to its competitors and may adversely affect the cohesion and spirit of teamwork prevailing amongst the employees of the Company.

In reviewing and determining the remuneration packages of the Executive Directors and the key management personnel, the RC considers the Executive Directors' and key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages. An appropriate proportion of their remuneration is linked to individual and corporate performance and is aligned with the interests of Shareholders. The performance criteria for the Executive Directors and key management personnel have been met for FY2019.

The Independent Directors receive Directors' fees, in accordance with their contributions, taking into account factors such as effort, time spent and the individual responsibilities of the respective Directors. The Directors' fees are recommended by the RC and endorsed by the Board for approval by shareholders at each annual general meeting. Each member of RC abstains from making recommendation on his remuneration.

Provision 8.2 **The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.**

Save for Mr Low Yik Sen and Mr Low Yik Jin who are brothers, there is no employee who is a substantial shareholder of the Company, or an immediate family member of any Director, the CEO or substantial shareholder of the Company, whose remuneration for FY2019 exceeds S$100,000.

Per the voluntary disclosures in Provision 2.1, Mr Sean Goh Hong Yi, the son of Mr Goh Cher Shua, the Independent Director of the Company, was hired as a Head of Data Science by the Company's subsidiary, LYJ International Pte. Ltd. and has received remuneration amounting to less than S$100,000 in that capacity during FY2019.

Provision 8.3 **The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.**

Please refer to the Group's practices as set out in Provision 8.1.

The Y Ventures Performance Share Plan was adopted pursuant to written resolutions passed by the Shareholders on 2 June 2017. The Y Ventures Performance Share Plan is administered by the Remuneration Committee and contemplates the award of fully paid shares, free of charge, when or other prescribed performance targets are achieved by the selected employees of the Group. No shares have been issued under this plan during FY2019.

CORPORATE **GOVERNANCE REPORT**

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: 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.

Provision 9.1 **The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.**

The Board reviews the Group's business and operational activities to identify the nature and the extent of the potentially significant risks. The Board puts measures in place to control and mitigate risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas to the Group such as financial, operational, compliance and information technology risks based on the feedback of Yang Lee & Associates (the "**Internal Auditors**"), and External Auditor. The Board also oversees the Management in implementing the risk management and internal controls system.

The Board conducts such risk assessment exercises regularly, and as such, a separate Board Risk Committee to specifically address significant risks is not required.

Provision 9.2 **The Board requires and discloses in the company's annual report that it has received assurance from:**

(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

The Board has received assurance from the CEO and the Financial Controller ("**FC**") that for FY2019 and up till the date of this Annual Report, subject to the outcome of the Independent Review (defined below) and save for the matters highlighted under paragraph two (2) of the section titled "*Other Corporate Governance Matters - Internal Control Matters*" on page 35 of this Annual Report:

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

(b) The Company's risk management and internal control systems are adequate and effective.

Further, the Company has appointed an external professional firm, Deloitte & Touche Enterprise Risk Services Pte Ltd to conduct an independent review on, amongst others, the adequacy and effectiveness of the internal controls of the Group ("**Independent Review**"). Please refer to the Company's announcements on 21 January 2019, 30 January 2019, 1 February 2019 and 12 March 2019 for further details. Please also refer to page 35 of this Annual Report for internal control matters which the AC wishes to highlight.

CORPORATE **GOVERNANCE REPORT**

Based on internal controls established and maintained by the Group as at the date of this Annual Report, the works performed by the Internal Auditors and External Auditor, the reviews performed by Management and the various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective as at the date of this Annual Report, subject to the outcome of the Independent Review and save for the matters highlighted under paragraph two (2) of the section titled "*Other Corporate Governance Matters - Internal Control Matters*" on page 35 of this Annual Report.

The Board met five (5) times during FY2019 and have continuously updated the AC on the developments of the Company. The CEO and FC have also assured the Board that, subject to the outcome of the Independent Review and save for the matters highlighted under paragraph two (2) of the section titled "*Other Corporate Governance Matters – Internal Control Matters*" on page 35 of this Corporate Governance Report, internal controls are in place. The Board has also been updated on the internal control measures taken during FY2019 and up till the date of this Annual Report. Discussions between the Internal Auditors, External Auditor and the AC in the absence of Management have also further assured the AC that the internal controls established as at the date of this Annual Report are maintained for the operations of the business.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

<u>Provision 10.1</u> **The duties of the AC include:**

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

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

In the review of the financial statements for FY2019, the AC has discussed with Management the accounting practices adopted for the financial year, including accounting policies and accounting estimates.

(b) **reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;**

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

(c) **reviewing the assurance from the CEO and the CFO on the financial records and financial statements;**

The AC reviews on a yearly basis the assurance from the CEO and the FC on the financial records and financial statements.

(d) **making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;**

The AC recommends to the Board proposals to the shareholders on the appointment, re-appointment and removal of External Auditor, and recommends the remuneration and terms of engagement of the External Auditor.

(e) **reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and**

The AC recognises the importance of reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function. The AC regularly reviews the scope of the External Auditor's audit plan and the effectiveness of the results from the independent audit. The AC also reviews the independence and objectivity of the External Auditor and Internal Auditors as well as the Group's compliance with Catalist Rules and the Code.

In compliance with Rule 1204(6)(b) of the Catalist Rules, the AC undertook the annual review of the independence and objectivity of the External Auditor by reviewing the non-audit services provided and the fees paid to them. It is the opinion of the AC that the nature and extent of non-audit services provided by the External Auditor do not affect the independence and objectivity of the External Auditor.

Baker Tilly TFW LLP and its member firms are the auditors of all the Company's Singapore incorporated subsidiaries and foreign-incorporated subsidiaries. The Board and AC are of the view that the Company has complied with Catalist Rules 712 and 715 in relation to its External Auditor.

(f) **reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.**

The Group has established a whistleblowing policy which provides the channel for employees of the Group and external parties to raise their concerns about improprieties in financial reporting or other matters to the AC Chairman, in good faith and in confidence. There were no whistleblowing reports received in FY2019. The procedures for whistleblowing have been circulated to the employees in their handbook.

The procedures for whistle blowing are also saved under the Company's cloud-storage folders, which are accessible by the employees of the Company and its subsidiaries where they can call or email the AC Chairman directly on all matters. The follow up procedures regarding matters raised are also stated and whistleblowers are assured that all actions in good faith will not affect them in their work and staff appraisals.

Please refer to Table A set out on pages 38 to 39 of this Annual Report for the composition and functions of the AC, based on the terms of reference.

CORPORATE GOVERNANCE REPORT

<u>Provision 10.2</u> **The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.**

The AC currently comprises of four (4) members, namely, Mr Goh Cher Shua (Chairman), Mr Edward Tiong Yung Suh, Mr Ng Tiong Gee, and Mr Tan Jia Kien, all of whom are Independent Directors. They are appropriately qualified to discharge their responsibilities and functions under the terms of reference approved by the Board. The AC members have recent and relevant accounting or related financial management expertise or experience.

The AC members continually keep abreast of the latest changes to accounting standards and financial reporting to ensure the Company's financial statements properly reflect the results of its business activities.

<u>Provision 10.3</u> **The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.**

None of the AC members were former partners or director of the existing auditing firms within the previous two years, and none of the AC members hold any financial interest in the above-mentioned auditing firms.

<u>Provision 10.4</u> **The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.**

The AC, in consultation with Management, decides on the appointment, termination and fees of the Internal Auditors. The internal audit function of the Group was out-sourced to Yang Lee & Associates for FY2019. The Internal Auditors report primarily to the Chairman of AC and have unfettered access to all the Group's corporate documents, records, properties and personnel including the AC. The AC reviewed the independence, adequacy and effectiveness of the Internal Auditors as required under Rule 1204(10C) of the Catalist Rules and determined that the Internal Auditors are independent, effective and adequately resourced and accordingly the internal audit function has the appropriate standing within the Group and is able to perform its functions effectively and objectively.

The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets. The Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. For example, the key features of the internal control environment include having clear and defined terms of reference for Board Committees, assigning authority and responsibility in accordance with an authority matrix and written internal control procedures. The role of the Internal Auditors is to assist the AC in ensuring that the controls are adequate, effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. Since the internal audit function is out-sourced, the AC will rely on the findings from the Internal Auditors to ensure the Company to maintain a system of internal controls, procedures and processes.

Yang Lee & Associates is a member of the Institute of Internal Auditors ("**IIA**"). The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by IIA.

Provision 10.5 **The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.**

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: 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.

Provision 11.1 **The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.**

At general meetings, Shareholders will be given the opportunity to raise questions to the Directors and the Management relating to the Company's business or performance. The Chairpersons of the AC, NC and RC, as well as the External Auditor, are present to assist the Directors in addressing any relevant queries raised by Shareholders. Shareholders are also informed of the voting procedures prior to the commencement of voting by poll.

CORPORATE **GOVERNANCE REPORT**

<u>Provision 11.2</u> **The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.**

The Company has separate resolutions at general meetings for each distinct issue and they are generally not "bundled" or made inter-conditional on each other including resolutions on the re-election of Directors. This is to ensure that Shareholders are given the right to express their views and exercise their voting rights on each resolution separately. Where the resolutions are "bundled", the reasons and material implications for doing so will be provided in the annual report and related documents / notice of general meeting.

<u>Provision 11.3</u> **All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.**

The respective chairpersons of the AC, RC and NC will, as far as possible, be present at the AGMs and EGMs to answer queries raised at the AGMs and EGMs. The External Auditor, Baker Tilly TFW LLP, are invited to attend the AGMs to address any Shareholders' queries during general meetings, including queries on the conduct of audit and the preparation and content of the auditors' report.

A table showing a list of the Directors and the number of Board and Board Committees meetings and the last Annual General Meeting held during FY2019 along with the record of attendance of each Director during their terms as Directors and members of the respective Board Committees of the Company are set out in Table B at page 41 of this Annual Report.

<u>Provision 11.4</u> **The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.**

Accompanying the notice of AGM and EGM, is a proxy form, so that (i) Shareholders who are individuals may appoint up to two (2) proxies; and (ii) Shareholders which are intermediaries (such as banks and capital markets services licence holders) providing custodial services may appoint more than two (2) proxies to attend on their behalf, should Shareholders be unable to personally attend the meetings.

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

CORPORATE GOVERNANCE REPORT

Provision 11.5 **The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.**

The proceedings of the annual general meeting and extraordinary general meeting (if any) of the Company are properly recorded and detailed in the minutes of general meetings including substantial and relevant comments or queries raised by shareholders relating to the agenda of the general meetings and responses from the Board and Management. The minutes of general meetings of the Company are available under the Investor Relations section of Company's website at https://yventures.com.sg/.

Provision 11.6 **The company has a dividend policy and communicates it to shareholders.**

The Company does not have a fixed dividend policy at present. The issue of payment of dividends is deliberated by the Board annually, having regards to various factors (e.g. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate).

As the Company was in a loss-making position in FY2019, the Board has not declared any dividend for FY2019.

Engagement With Shareholders

Principle 12: 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.

Provision 12.1 **The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.**

The Board encourages shareholders participation at the Company's general meetings. Both Executive and Independent Directors meet and speak with Shareholders regularly, primarily through general meetings of Shareholders, to gather their views and address concerns.

As the Lead Independent Director of the Company, Mr Edward Tiong Yung Suh is available to Shareholders where they have concerns. Shareholders may contact our Lead Independent Director by mail (marking the envelope with the words "Private and Confidential") to the Company's registered office address at 1, Lorong 2 Toa Payoh, #05-06 Braddell House, Singapore 319637. The Company encourage Shareholders to identify themselves so the Lead Independent Director can acknowledge the communication.

CORPORATE GOVERNANCE REPORT

Provision 12.2 **The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.**

The Company does not have an Investor Relations Policy in place and there is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

However, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Act. The Company's half-yearly financial results and annual reports announced on the SGXNET within the stipulated period.

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

Further, the Company provides its phone number and e-mail address on the Company's website through which the Shareholders may contact the company with questions and by which the company may respond to such questions.

Similarly, Shareholders will receive the circulars and notices of EGMs which are advertised in the local newspapers within the prescribed deadlines prior to the EGMs.

Provision 12.3 **The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.**

Please refer to the Group's practices as set out in Provision 12.2.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: 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.

<u>Provision 13.1</u> **The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.**

The Company recognises the importance of close collaboration with its key stakeholders such as employees, investors and media, suppliers and service providers, customers, and etc, in order to achieve a sustainable business goals. The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicating with them to align the Company's expectation and goals.

Both Executive and Independent Directors meet or speak with Shareholders regularly, primarily through general meetings of Shareholders, to gather their views and address concerns.

<u>Provision 13.2</u> **The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.**

The Group engages with the key stakeholders through various platforms. Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholder, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised though stakeholder engagement and can be found in the Company's Sustainability Report 2019 on pages 52 to 70 of this Annual Report. The Company's Annual Report 2019, including Sustainability Report, is available on the corporate website.

<u>Provision 13.3</u> **The company maintains a current corporate website to communicate and engage with stakeholders.**

Y Ventures maintains its corporate website (https://yventures.com.sg/) providing information about the Company such as Board of Directors and Management team, products or services, as well as all disclosures and announcements of the Company submitted to the SGX-ST via SGXNet. Stakeholders can also contact the Company through phone or e-mail, the details of which can be found on the Company's website.

CORPORATE GOVERNANCE REPORT

OTHER CORPORATE GOVERNANCE MATTERS

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

Save for the deed of undertaking signed by Low Yik Sen and Low Yik Jin in FY2018 to unconditionally provide continuous financial assistance to the Group of up to US$1.0 million in order to meet the Group's obligations and to carry on its business for a period of twelve (12) months from the reporting date of 31 December 2018, there were other no material contracts entered into by the Group involving the interests of the CEO or any Director or controlling shareholders 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. For avoidance of doubt, the deed of undertaking remained effective from 31 December 2018 to 31 December 2019.

2. Internal Control Matters
[Catalist Rule 1204(10)]

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

Separately, the Audit Committee wishes to highlight the following areas of material weaknesses in internal controls of the Group identified during the internal audit of the Group in FY2019, as well as the steps taken to address them.

Areas of material weakness	Steps taken to address material weakness
A single integrated system to cover day-to-day and operational cycles relating to procurement, inventory management and accounting	The Company is in the process of sourcing for an integrated Enterprise Resource Planning system since November 2019 and will target to roll out once the purchased system is ready for use. During the transitional period, the Finance and Accounting team performs the following routine checks monthly: (a) Sample matching of the unit costs from the Inventory Management System against the unit costs from the Supplier's invoices; (b) Reconciliation of the inventory and sales quantity; and (c) Results of the Gross Profit Margin against historical trends and past purchases.

CORPORATE **GOVERNANCE REPORT**

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

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

The Company has not entered into any interested person transaction with aggregate value of more than S$100,000 during FY2019 pursuant to Rule 907 of the Catalist Rules.

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

In compliance with Rule 1204(19), the Group has adopted a Code of Conduct to provide guidance to Directors and executive officers with regards to dealing in the Company's securities.

The Company, Directors, officers and all staff of the Group and their associates are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are also reminded regularly not to deal in the Company's shares during the period commencing one month before the announcement of the Group's half-yearly and annual financial results and ending on the date of announcement of those results.

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

No non-sponsor fees were paid to the Company's sponsor, RHT Capital Pte. Ltd. in FY2019.

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

(A) The Company had raised gross proceeds amounting to S$7.7 million from the Intial Public Offering ("**IPO**"). As at the date of this report, and as announced by the Company on 28 February 2018, the use of the gross proceeds from the IPO is as follows:-

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

CORPORATE GOVERNANCE REPORT

(B) The Company received proceeds of S$1.2 million from R3 Asian Gems as announced on 11 January 2018, 31 January 2018 and 5 February 2018 and the utilisation of the proceeds as at 31 December 2018 is as follows:-

Use of proceeds from R3 Asian Gems	Amount allocated S$'000	Amount utilised as at 31 December 2018 S$'000	Amount unutilised as at 31 December 2018 S$'000
General working capital (comprising administrative expenses and purchase of products)	**1,200**	**1,200**	**-**
	1,200	**1,200**	**-**

(C) The Company received proceeds of S$2.0 million from the placement of 24,660,000 new ordinary shares as announced on 23 September 2019, 4 October 2019 and 9 October 2019 and the utilisation of the proceeds as at 31 December 2019 is as follows:-

Use of proceeds from new shares placement	Amount allocated S$	Amount utilised as at 31 December 2019 S$	Amount unutilised as at 31 December 2019 S$
Business expansion through mergers and acquisitions, joint ventures, strategic collaborations and investments	**1,000,000**	**-**	**1,000,000**
General working capital (comprising administrative expenses and purchase of products)	**976,892**	**976,892**	**-**
	1,976,892	**976,892**	**1,000,000**

Table A

Board comprises:

Executive Directors	
Lew Chern Yong(1)	(Executive Chairman and Director)
Low Yik Sen(2)	(Managing Director)
Low Yik Jin	(Chief Executive Officer and Executive Director)

Independent Directors	
Edward Tiong Yung Suh	(Lead Independent Director)
Ng Tiong Gee	(Independent Director)
Goh Cher Shua(3)	(Independent Director)
Tan Jia Kien(4)	(Independent Director)

CORPORATE **GOVERNANCE REPORT**

Notes:
1 Mr Lew Chern Yong was appointed as Executive Chairman and Director of the Company on 1 March 2019.
2 Mr Low Yik Sen was re-designated as Managing Director of the Company on 1 March 2019.
3 Mr Goh Cher Shua was appointed as Independent Director of the Company on 7 May 2019.
4 Mr Tan Jia Kien was appointed as Independent Director of the Company on 14 October 2019.

The primary functions of the Board include:-

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

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

Audit Committee comprises:-

Goh Cher Shua	(Chairman, Independent)
Edward Tiong Yung Suh	(Member, Independent)
Ng Tiong Gee	(Member, Independent)
Tan Jia Kien	(Member, Independent)

The AC performs the following main functions:-

1. review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
2. review the audit plan of the external auditor;
3. review with the external auditor, his evaluation of the system of internal accounting controls;
4. review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditor, and to review with the external auditor, his audit report. Where the external auditor also supply a substantial volume of non-audit service to the Company;
5. review the nature and extent of such services to maintain the balance of objectivity and value for money;
6. review the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval;
7. review the assistance given by the Company's officers to the external auditor
8. review the independence of the external auditor annually;
9. consider the appointment and re-appointment of the external auditor and approve the remuneration and terms of engagement of the external auditor;
10. review and discuss with the external auditor any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Company's response;

CORPORATE GOVERNANCE REPORT

11. ensure that the internal audit function is adequately resourced and has appropriate standing within the Company. For the avoidance of doubt, the internal audit function can be either in-house, outsourced to a reputable accounting/ auditing firm or performed by major shareholder, holding company, parent company or controlling enterprise with an internal audit staff;
12. review the scope and results of the internal audit procedures;
13. annually ensure the adequacy of the audit function;
14. ensure that a review of the adequacy and effectiveness of the Company's internal controls, including financial, operational and compliance controls, and risk management is conducted at least annually;
15. meet with the external and internal auditors without the presence of the Management at least once a year;
16. commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal weakness (if any);
17. review interested person transactions and potential conflicts of interest;
18. commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our operating results and/ or financial position;
19. review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangement are in place for the independent investigation of such matters and for appropriate follow up action; and
20. undertake such other reviews and projects as may be requested by the Board, and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC.

Nominating Committee comprises:-

Tan Jia Kien	(Chairman, Independent)
Edward Tiong Yung Suh	(Member, Independent)
Ng Tiong Gee	(Member, Independent)
Goh Cher Shua	(Member, Independent)

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

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

CORPORATE GOVERNANCE REPORT

Remuneration Committee comprises:-

Edward Tiong Yung Suh	(Chairman, Independent)
Ng Tiong Gee	(Member, Independent)
Goh Cher Shua	(Member, Independent)
Tan Jia Kien	(Member, Independent)

The functions of the RC are as follows:-

1. review and recommend the framework of remuneration for the executive directors and key management personnel with a view to structure the remuneration for the executive directors and key management personnel so as to link rewards to group or corporate and individual performance, to align their interests with those of shareholders and give these Directors keen incentives to perform at the highest levels;
2. review the terms of appointment and remuneration of the executive directors and key management personnel of the Company and when deem appropriate to make any recommendation in relation thereto;
3. review and recommend to the Board the terms of renewal for those executive directors and key management personnel whose current employment will expire or had expired;
4. review the remuneration of employees who are related to Directors or Substantial Shareholders annually to ensure that their remuneration package are in line with the Company staff remuneration guideline and to commensurate with their respective job scope and level of responsibility;
5. review the compensation package of the non-executive directors;
6. consider the various disclosure requirements for Director's remuneration, particularly those required by regulatory bodies such as the Singapore Exchange Securities Trading Limited, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;
7. retain such professional consultancy firm as the committee may deem necessary to enable it to discharge its duties hereunder satisfactorily;
8. consider long-term incentives schemes for executive directors and key management personnel and review eligibility for benefits of executive directors and key management personnel under long-term incentive schemes; and
9. carry out such other duties as may be agree to by the RC and the Board.

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

CORPORATE GOVERNANCE REPORT

TABLE B

Attendance at Board, Board Committees and Shareholders' Meetings for FY2019										
Name of Director	Annual General Meeting 6 May 2019	Board of Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nominating Committee Meetings		
		No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended	
Lew Chern Yong	1	5	2[(a)]	N/A	N/A	N/A	N/A	N/A	N/A	
Low Yik Sen	1	5	5	N/A	N/A	N/A	N/A	N/A	N/A	
Low Yik Jin	1	5	5	N/A	N/A	N/A	N/A	N/A	N/A	
Edward Tiong Yung Suh	1	5	5	4	4	2	2	2	2	
Wong Sok Mei	1	5	3[(b)]	4	3[(b)]	2	1[(b)]	2	1[(b)]	
Ng Tiong Gee	1	5	5	4	4	2	2	2	2	
Twoon Wai Mun, Benjamin	0[(c)]	5	2[(c)]	N/A	N/A	2	1[(c)]	N/A	N/A	
Goh Cher Shua	0[(d)]	5	1[(d)]	4	1[(d)]	2	1[(d)]	2	1[(d)]	
Tan Jia Kien	0[(e)]	5	0[(e)]	4	0[(e)]	2	0[(e)]	2	0[(e)]	

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

Notes:

(a) Mr Lew Chern Yong, was appointed as Executive Chairman and Director of the Company on 1 March 2019.
(b) Ms Wong Sok Mei, resigned as Independent Director of the Company and ceased as Chairman of Audit Committee, members of Nominating and Remuneration Committees on 31 May 2019.
(c) Mr Twoon Wai Mun, Benjamin resigned as Non-Executive Director of the Company and ceased as member of the Remuneration Committee on 1 March 2019.
(d) Mr Goh Cher Shua, was appointed as Independent Director of the Company on 7 May 2019 and was subsequently appointed as Chairman of Audit Committee and members of Nominating and Remuneration Committees on 1 June 2019.
(e) Mr Tan Jia Kien, was appointed as Independent Director of the Company, Chairman of Nominating Committee, members of Audit Committee and Remuneration Committees on 14 October 2019.

CORPORATE GOVERNANCE REPORT

TABLE C

Mr Low Yik Sen, Mr Ng Tiong Gee, Mr Goh Cher Shua and Mr Tan Jia Kien, are the Directors seeking re-election at the forthcoming annual general meeting of the Company under Ordinary Resolution Nos. 2 to 5 as set out in the Summary of Proposed Resolutions from page 138 to 140 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**"). The Notice of the Annual General Meeting will be announced at a later date.

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

Name of Directors	Low Yik Sen	Ng Tiong Gee	Goh Cher Shua	Tan Jia Kien
Date of Appointment	2 January 2013 (first appointment as Director) 1 March 2019 (re-designated as Managing Director)	29 May 2017	7 May 2019	14 October 2019
Date of last re-appointment (if applicable)	24 April 2018	24 April 2018	Not applicable	Not applicable
Age	42	57	64	58
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After reviewing the recommendation of the Nominating Committee and their respective qualifications and relevant work experience, the Board approved:			
	Mr Low's re-appointment as Managing Director of the Company	Mr Ng's re-appointment as Independent Director	Mr Goh's re-appointment as Independent Director	Mr Tan's re-appointment as Independent Director
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Low is responsible for overseeing the logistics arm of the Group, focusing on sourcing and procurement, freight forwarding as well as waste management services.	Non-Executive	Non-Executive	Non-Executive

CORPORATE **GOVERNANCE REPORT**

Name of Directors	Low Yik Sen	Ng Tiong Gee	Goh Cher Shua	Tan Jia Kien
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director	Independent Director	Independent Director	Independent Director
		Audit Committee Member	Audit Committee Chairman	Nominating Committee Chairman
		Remuneration Committee Member	Remuneration Committee Member	Audit Committee Member
		Nominating Committee Member	Nominating Committee Member	Remuneration Committee Member
Professional qualifications (if any)	Nil	Nil	Fellow of the Institute of Singapore Chartered Accountants (ISCA)	Nil
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Sibling of Mr Low Yik Jin (CEO and Executive Director of the Company)	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Working experience and occupation(s) during the past 10 years	Mr Low, one of the co-founders of the Group, was appointed to the Board on 2 January 2013 and became the Executive Chairman and Managing Director of the Company on 29 May 2017. He was re-designated as Managing Director of the Company on 1 March 2019.	2013 to 2016: Resorts World at Sentosa Pte. Ltd., Senior Vice-President 2008 to 2013: United Test and Assembly Center Ltd, Chief Information Officer and Chief Human Resource Officer	October 2017 to January 2018: Hong Leong Asia Ltd., Chief Restructuring Officer of the following entities: 1. Henan Xinfei Electric Co., Ltd. 2. Henan Xinfei Household Appliance Co., Ltd. 3. Henan Xinfei Refrigeration Appliances Co., Ltd.	December 2015 to Present: The Finlab Pte. Ltd., Managing Director May 2015 to November 2015: Wong Fong Research and Innovation Centre, Business Development Director 2011 to 2015: Evolusia LLP, Senior Consultant

CORPORATE **GOVERNANCE REPORT**

Name of Directors	Low Yik Sen	Ng Tiong Gee	Goh Cher Shua	Tan Jia Kien
Working experience and occupation(s) during the past 10 years (cont'd)			July 2013 to May 2016: Hong Leong Asia Ltd., Chief Financial Officer January 2011 to July 2013: UTAC Dongguan Ltd., Financial Controller November 2009 to December 2010: CS Business Consultancy Pte. Ltd., Principle Consultant	2011 to 2012: NTU Ventures Private Limited (now known as Nanyang Technological University - Ntuitive Pte. Ltd.), Mentor 2010 to 2015: Performance Leadership Pte. Ltd., Associate Director 2009 to 2010: Oversea-Chinese Banking Corporation Limited, Vice President (Deposits)
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6)	Yes	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Mr Low is deemed to be interested in 53,365,000 ordinary shares held under custodian nominee account(s)	Mr Ng is deemed to be interested in 100,000 ordinary shares held under a custodian nominee account	Nil	Nil

CORPORATE **GOVERNANCE REPORT**

Name of Directors	Low Yik Sen	Ng Tiong Gee	Goh Cher Shua	Tan Jia Kien
Other Principal Commitments including Past Directorships				
Past (for the last 5 years)	1. 500UP Pte. Ltd. (struck off in June 2017) 2. Faire Holdings Pte. Ltd. 3. PT Buku Trading Indonesia (dissolved in April 2017)	Nil	1. Henan Xinfei Electric Co., Ltd. 2. Henan Xinfei Household Appliance Co., Ltd. 3. Henan Xinfei Refrigeration Appliances Co., Ltd.	Stikfas Pte. Ltd. (struck off in September 2017)
Present	1. Avalon Worldwide Group Ltd. 2. Evermint Pte. Ltd. 3. JustNile Pte. Ltd. (formerly known as JustNile (India) Pte. Ltd.) 4. JustNile (SEA) Pte. Ltd. 5. JustNile Distribution Ltd. 6. JustNile Holdings 7. JustNile Malaysia Sdn. Bhd. 8. JustNile UK Pte Ltd 9. LYJ International Pte. Ltd. 10. SKAP Logistics Pte. Ltd. 11. SKAP Waste Management Pte. Ltd. 12. Shenzhen Evermint Technology Company Limited	1. Darby Connect Pte. Ltd. 2. Digi8gg Private Limited 3. GYP Properties Limited 4. Pacific Radiance Ltd. 5. Ren Ci Hospital 6. Trype Private Limited 7. Yellow Pages Pte. Ltd. 8. Yellow Pages Singularity Pte. Ltd. 9. Yppy Pte. Ltd.	Global B2B Pte. Ltd.	The Finlab Pte. Ltd.

CORPORATE **GOVERNANCE REPORT**

Name of Directors		Low Yik Sen	Ng Tiong Gee	Goh Cher Shua	Tan Jia Kien
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.					
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	Yes Please refer to Explanatory Note (1) given at the end of Table C set out on Page 49 of this Annual Report for full details.	No
(c)	Whether there is any unsatisfied judgment against him?	No	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No

CORPORATE **GOVERNANCE REPORT**

Name of Directors		Low Yik Sen	Ng Tiong Gee	Goh Cher Shua	Tan Jia Kien
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Directors		Low Yik Sen	Ng Tiong Gee	Goh Cher Shua	Tan Jia Kien
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-				
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	Yes Please refer to Explanatory Note (1) given at the end of Table C set out on Page 49 of this Annual Report for full details.	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	Yes Please refer to Explanatory Note (1) given at the end of Table C set out on Page 49 of this Annual Report for full details.	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes Please refer to Explanatory Note (2) given at the end of Table C set out on Page 49 of this Annual Report for full details.	No	No	No

CORPORATE **GOVERNANCE REPORT**

Name of Directors	Low Yik Sen	Ng Tiong Gee	Goh Cher Shua	Tan Jia Kien
Disclosure applicable to the appointment of Director only.				
Any prior experience as a director of an issuer listed on the Exchange? If Yes, Please provide details of prior experience	Not applicable	Not applicable	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable	Not applicable	Not applicable	Not applicable

Explanatory Notes:

(1) Goh Cher Shua

From 2005 to 2009, Mr Goh Cher Shua ("**Mr Goh**") was the Chief Financial Officer of China Printing & Dyeing Holding Limited ("**China Printing**"), where he was responsible for overseeing the finance function and strengthening of internal controls of China Printing. Thereafter on 13 April 2010, the Singapore Exchange Securities Trading Limited ("**SGX**") issued a notice determining that China Printing had breached Listing Rule 703(1) relating to announcement of material price-sensitive information. In his capacity as Chief Financial Officer of China Printing, Mr Goh had assisted in the investigations by SGX relating to such breaches. To the best of Mr Goh's knowledge, there was no investigation or action brought against him relating to these regulatory breaches. China Printing has since been delisted from SGX and wound up. From 2013 to 2016, he was subsequently appointed as the Chief Financial Officer of Hong Leong Asia Ltd, a company listed on the SGX.

(2) Low Yik Sen

During 2011 when Mr Low Yik Sen ("**Mr Low**") was recalled by the Singapore Armed Forces to serve a reservist period of seven (7) days, he was granted medical leave for the first and second day of his reservist. However, as Mr Low did not attend reservist for the remaining reservist period, he was fined for an amount of S$150 for 'Absence Without Leave'. Mr Low has since paid the fine and continued to serve reservist with no repeated offences.

CORPORATE GOVERNANCE REPORT

TABLE D

The tables below show the remuneration bands of the Directors and the key management personnel of the Group, who are not directors as well as the approximate percentage breakdown of the remuneration during FY2019.

(a) Remuneration of Directors of the Company

Name of Director	Salary* (%)	Bonus# (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
Below S$250,000					
Lew Chern Yong[(a)]	100	-	-	-	100
Low Yik Sen	100	-	-	-	100
Low Yik Jin	100	-	-	-	100
Edward Tiong Yung Suh	-	-	100	-	100
Wong Sok Mei[(b)]	-	-	-	-	-
Ng Tiong Gee	-	-	100	-	100
Twoon Wai Mun, Benjamin[(c)]	-	-	-	-	-
Goh Cher Shua[(d)]	-	-	100	-	100
Tan Jia Kien[(e)]	-	-	100	-	100

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

Notes:

(a) Mr Lew Chern Yong, was appointed as Executive Chairman and Director of the Company on 1 March 2019.
(b) Ms Wong Sok Mei, resigned as Independent Director of the Company and ceased as Chairman of Audit Committee, members of Nominating and Remuneration Committees on 31 May 2019.
(c) Mr Twoon Wai Mun, Benjamin resigned as Non-Executive Director of the Company and ceased as member of the Remuneration Committee on 1 March 2019.
(d) Mr Goh Cher Shua, was appointed as Independent Director of the Company on 7 May 2019 and was subsequently appointed as Chairman of Audit Committee and members of Nominating and Remuneration Committees on 1 June 2019.
(e) Mr Tan Jia Kien, was appointed as Independent Director of the Company, Chairman of Nominating Committee, members of Audit Committee and Remuneration Committees on 14 October 2019.

CORPORATE **GOVERNANCE REPORT**

(b) Remuneration of Key Management Personnel

Name of Key Management Personnel	Salary* (%)	Bonus* (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
Below S$250,000					
Mr Joshua Huang Thien En#	93	7	-	-	100
Ms Goh Lay Lan^	100	-	-	-	100
Ms Lim Poh Lian	92	8	-	-	100
Mr Lim Li Jie	92	8	-	-	100

* The salary and bonus amounts shown are inclusive of CPF.
# Mr Joshua Huang Thien En resigned as Chief Financial Officer of the Company on 15 July 2019.
^ Ms Goh Lay Lan was appointed as Financial Controller of the Company on 16 July 2019.

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

There were no terminations, retirement or post-employment benefits granted to Directors and key management personnel in FY2019.

No shares have been issued under the Company's performance share plan during FY2019. Please refer to the disclosure as set out in Provisions 8.1 and 8.3 for more details.

(c) Remuneration of employee related to Director or CEO

Mr Sean Goh Hong Yi's remuneration exceeds S$50,000 and is below S$100,000 in FY2019. He is the son of Mr Goh Cher Shua (Independent Director and Audit Committee Chairman). Please refer to the voluntary disclosures as set out in Provision 2.1 for more details.

SUSTAINABILITY **REPORT**

BOARD STATEMENT

Dear Stakeholders,

We believe that business must step up and make a positive difference to society. This commitment drives us to do business in a sustainable fashion as we strive to integrate our daily operations in an eco-friendly manner. In this report, we disclosed our sustainable efforts, progress and targets towards achieving a sustainable business model.

In this global competitive landscape, business is becoming highly dynamic and ever-changing with new streams of competitors, our key sustainable growth strategy is to focus on building our core competencies on our book business via e-commerce platform and to shift away from non-book related sectors. To operate in this constant flux environment, we develop competitive edge by capitalising on our data analytics capabilities to analyse demand trends, pricing intelligence, consumer sentiment and market competition which aid in making informed business decisions. With our strategic move to reinforce our core business, we strive with our best to excel in the e-commerce industry in the region.

To navigate better in the ever-evolving e-commerce industry, foresight, adaptability and resilience are crucial in sustaining peak performance. To sharpen our business acumen and to successfully position ourselves ahead of times, we constantly take reference from the Enterprise Risk Management (ERM) assessment we had performed to be conscious of the key risks that may affect Group's ability to achieve our objectives. Through actively monitoring potential risk factors, we aim to anticipate change more effectively and develop appropriate courses of action to better manage them.

Giving back to society is a trait deeply embedded in Y Ventures culture as we strongly believe in being a socially responsible company. We also believe in investing in the next generation and has offered nine (9) internship opportunities to students to give them an exclusive insight into the e-commerce industry.

To foster social sustainability, Y Ventures is also a strong advocate for "Open-Communication Culture" which aids in boosting staff morale and maximising their productivity and performance. With an established coaching culture, we invested approximately 574 man-hours in training and we also sent our employees to attend courses organised by Institute of Singapore Chartered Accountants (ISCA) and National University of Singapore's (NUS) Business School for training and development. Our Group also strongly embrace the cause of creating a culture of literacy as an empowerment for the next generation and is a donor of "Books For Africa", a non-profit organisation which has a mission to end the book famine in Africa.

As an avid environmentally friendly company, we are committed to environmental conservational efforts with our subsidiary, SKAP Waste Management Pte. Ltd. ("**SKAP** or **Junktoclear**"), a waste management service company actively supporting the environmental cause of reduce, reuse and recycle. We have recycled a total of 46,983kg of metallic materials as part of our environmental initiatives.

As we step into 2020, we are committed to keep up with the ever-changing times and anchor ourselves to pursue sustainable profit in the long haul.

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

SUSTAINABILITY **REPORT**

ABOUT THIS REPORT

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

The scope of this report covers the financial year from January to December 2019, in line with this annual report. Our sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI) Core standards. Unless otherwise stated, the report covers the environmental, social and governance ("**ESG**") performance of the Group and its subsidiaries in Singapore, Taiwan and United States of America. This report forms part of Y Venture's Annual Report FY2019 and can be viewed or downloaded from http://yventures.com.sg/investor/. As part of our continued efforts to improve our reporting, we welcome stakeholders to submit their feedback to invest@yventures.com.sg.

2019 OVERVIEW

3rd
year of reporting

437
books donated to "Books For Africa" since FY2017 (13 books donated in FY2019)

574
man-hours invested in training our employees

US$15,685
donations made

SUSTAINABILITY REPORT

OUR SUSTAINABILITY TEAM

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

Board of Directors

- Oversee business goals
- Assume corporate responsibilities

Finance Department

- Monitor carbon emission (Electricity usage, water consumption)
- Monitor internal control practices

SKAP Waste Management

- Promote recycling practices

Sales & Data Analytics

- Customer relationship management
- Supply chain integrity and safety

Procurement & Warehouse

- Quality Assurance
- Sustainable product sourcing & reverse logistics supply chain

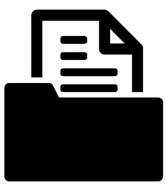
Our Sustainability Strategy

Roles

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

Performance Goals & Feedback

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



Reporting and Disclosure

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

SUSTAINABILITY **REPORT**

STAKEHOLDER ENGAGEMENT

To achieve a sustainable business goal, we believe that collective and integrated efforts of our key stakeholders are essential. We strive to work closely with our key stakeholders and seek to understand their viewpoints. We also believe that active communication is crucial for goals and expectations alignment. Ultimately, we aim towards reaching a sustainable outcome together.

Stakeholder	Platforms	Frequency	Key Feedback/ Issue	Commitments to Sustainability
Employees	Performance evaluation Flexible working hours Staff Training	Annual Ad-hoc Ad-hoc	• Employee safety and welfare • Staff training and development opportunities • Work-life balance • Remuneration and benefits • Fair and competitive employment practices	• Provide fair and equal opportunities to all employees • Rewarding performance • Create a safe and cohesive working environment
Investors and Media	Annual / extraordinary general meetings Financial results announcements SGX announcements, media release and interviews Annual report, sustainability report Company website	Annual Half Yearly Ad-hoc Annual Perpetual	• Return on investment • Business growth • Business strategy and outlook • Risk management • Corporate governance • Compliance to listing requirements • Sustainability performance and reporting standards • Timely and transparent reporting	• Strive to generate sustainable long-term returns on investment • Adhere to timely and transparent dissemination of accurate and relevant information to the market
Suppliers and Service Providers	Product feedback Markets suppliers' products through various online platforms Supplier evaluation	Perpetual Perpetual Perpetual	• Supplier management • Provide suppliers a greater market opportunity across the globe • Prompt provision of customer data analysis for supplier – customer demographics, sales, trends and feedback on the product	• Providing valuable insights to suppliers • Building long-term and successful relationships • Improving the transparency of our supply chain to meet industry's best practices

SUSTAINABILITY **REPORT**

Stakeholder	Platforms	Frequency	Key Feedback/ Issue	Commitments to Sustainability
Online Marketplace Operators	Sending channels team to build rapport	Ad-hoc	• Establishing and nurturing strong relationships • Obtain exclusive rights to sell on different channels • Negotiate terms with operators through exchange of sales resources (data analytical tools)	• Granted favourable terms by operators through strong relationships – frequency of remittance of payment, special featuring of Group's products • Generating long-term sustainable returns
Government/ National Agencies	Sustainability report Government training workshops, regulatory meetings Attending trade conferences	Annual Annual Ad-hoc Ad-hoc	• Stakeholder programs to advocate greener operator behaviour • Providing training and skill-upgrading • Opportunity to recruit new talent to be part of the team	• Strict compliance with relevant laws and regulations • Encouraging life-long learning for mid-career change and skill-upgrading • Understand and support initiatives by the government
The Community	Sustainability report Charity Internships	Annual Ad-hoc Annual	• Advocating sustainable practices • Contributing back societal through donation of well-condition furniture • Providing an insight for students into the e-commerce industry	• Mitigate impacts on community • Provide support for local initiatives • Contribute to environmental cause through increase in recycling efforts
Customers	Feedback channel through online marketplace operators Quality assurance inspections	Perpetual Perpetual	• Ensuring consistency in quality of merchandises sold to customers • Create a connection with customers	• Generating long-term sustainable returns through customer confidence for Group's high standards of products

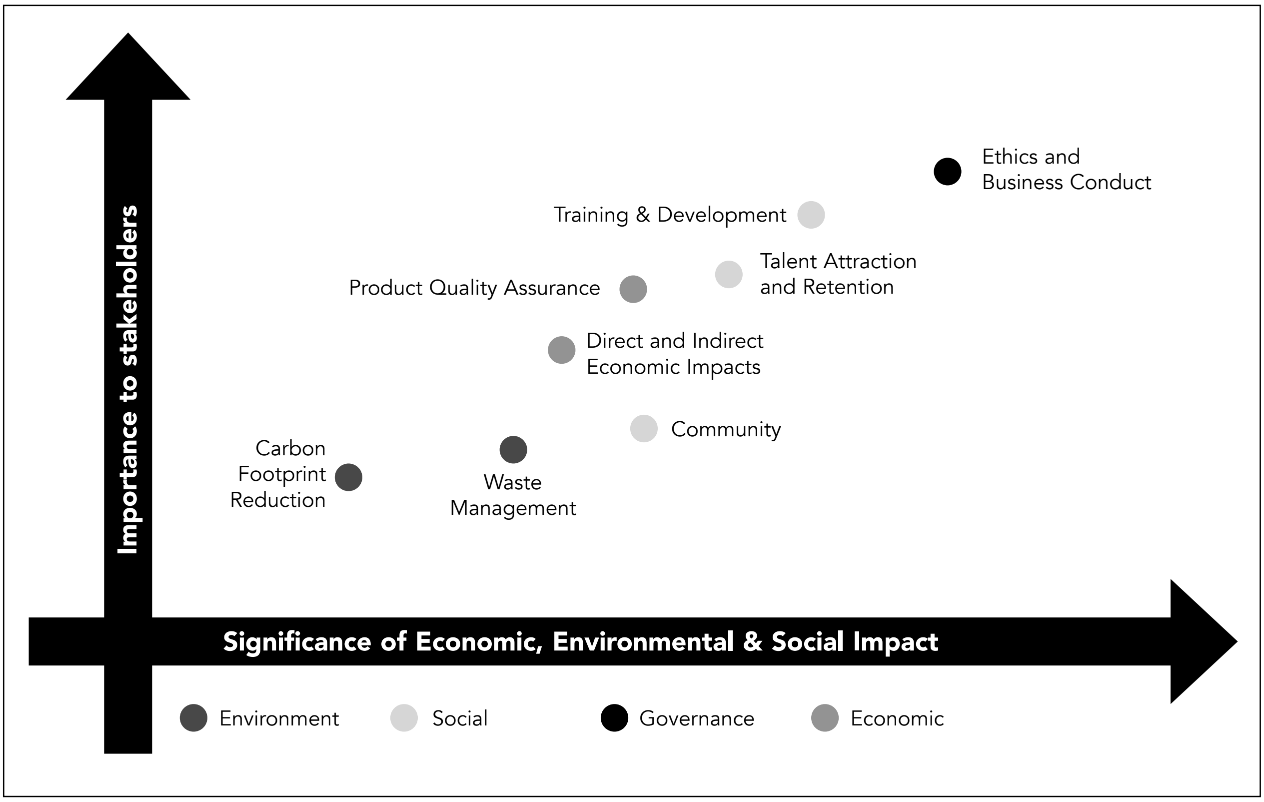
SUSTAINABILITY **REPORT**

MATERIALITY ASSESSMENT

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

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

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



SUSTAINABILITY **REPORT**

MATERIALITY TOPIC – AT A GLANCE

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

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

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

Material Topic	Relevance	How are we addressing the issue
Governance Dimensions		
Business Ethics and Anti-Corruption	We believe that upholding our reputation and fostering stakeholders' trust in our business is fundamental to our growth as a company. Therefore, we are committed to building a positive corporate image through exemplary corporate governance and business ethics.	We have zero tolerance towards corruption and fraud. Our employees are constantly reminded to make disclosures in event of conflicted duties or interest.
Economic Dimensions		
Product quality assurance	Delivering quality products ensures that customers continue to choose our brand over the competition. Therefore, it is in our interest to provide customers with products of the highest quality.	Product quality is our top priority and we are committed to uphold high product quality on all our merchandises through detailed quality control inspections. External product quality inspectors are also engaged whenever necessary. Our online store received over 90% positive review in the last 12 months as at December 2019. With regular monitoring of customer feedback on our channels, we strive to ensure our product traits matches customer demand and market fit to the customer segment.

SUSTAINABILITY **REPORT**

Direct and indirect economic impact	Being part of a larger community and business value chain, the growth of the economy and community is essential for our long-term growth. With this win-win relationship in mind, we seek ways to contribute to our community economically to ensure the sustainability of our business.	We strive to have a long-term economic value creation for our stakeholders by building a sustainable business model and brand. Please refer to page 4 to 5 of our annual report for more information on our financial performance.
	Social Dimensions	
Talent attraction and retention	We acknowledge that our ability to attract and retain talents is crucial to the operations of our business. High employee turnover increases hiring expenses and has a negative impact on the Group's morale. Our commitment to talent retention and development provides growth opportunities for workers.	We are committed to recruiting employees based on merit. We work closely with academic institutions to shortlist talents who can provide value-add to our Group. Employees are given a wide range of benefits such as flexible work hours and medical insurance.
Training and development	We value employees as our big family. We are committed to ensuring the continuous growth of our organisation by giving the opportunity to personal growth and development.	In FY2019, our employees completed 574 Man hours of training. We sent our employees to professional courses hosted by different training providers. We believe employees can gain professional insights and transferable skills to our company.
Community	After benefitting from the support of our community, we hope to create a virtuous cycle of growth for everyone in the community we are in.	We work closely with tertiary institutes, especially polytechnics, to offer e-commerce data analytics internship for students. For FY2019, we have recruited nine (9) interns to join our corporate experience.
	Environmental Dimensions	
Waste management	The increasing cost of waste treatment and resources have a significant impact on the long-term viability of our business. Therefore, it is vital that we optimize our resource efficiency.	We are seeking an optimal solution to minimize unnecessary waste disposal through our recycling efforts. This initiative allows us to contribute to society while improving our cost of operation.
Carbon footprint reduction	We recognise that investing in energy conservation not only reduces our carbon footprint but also makes business sense in cost savings. Therefore, we are committed to taking measures to minimize our overall energy consumption and improve energy efficiency so as to reduce the environmental impact of our operations.	We place great emphasis on reducing our carbon footprint in our business operations. We monitor our electricity consumption of warehouse closely and we also ensure that lights are turned off after working hours.

SUSTAINABILITY **REPORT**

GOVERNANCE

At Y Ventures, we strive to uphold our reputation and fostering stakeholders' trust in our business. We strongly believe that these factors are fundamental in the development of our Group. Good governance practices are important in building a sound corporation with an ethical environment, thereby protecting our stakeholders' interests. Our Board and Management are devoted to enhancing and adding value to our stakeholders through maintenance of a high standard of corporate governance and strong internal controls in our Group, and ensuring that we remain committed at all levels. We are also constantly kept up-to-date with the latest changes in legal and regulatory requirements to ensure that our Group is in compliance.

(a) ENTERPRISE RISK MANAGEMENT

In the ever-changing e-commerce business environment, it is crucial to identify, measure, prioritise and respond to the risks that may potentially prevent Y Ventures from achieving our strategic objectives. Hence, we adopt the AS/NZS ISO 31000:2009, Risk Management – Principles and Guidelines which is put in place to identify and address top-tier risks and events that may affect the Group's ability to achieve its objectives. In 2018, we had engaged an external consultant, Crowe Horwath First Trust Risk Advisory ("**Crowe Horwath**"), to set up a risk assessment framework and complete the risk assessment for the Group. The latest assessment is still relevant as the business nature largely remains the same. The Company has an Enterprise Risk Management Framework ("**Framework**") in place for the Group to safeguard shareholders' investments and Company's assets. The Enterprise Risk Management ("**ERM**") report framework seeks to identify our key business risks associated with the Group's Mission, Vision and Strategy.

ERM further provides us with an assessment of our current standing in the market and outlook of the overall e-commerce industry. We strive to work closely with our stakeholders and will consistently monitor as well as actively assess our risks and review our risk management system. This will ensure that new threats are managed and responded timely.

(b) CORPORATE GOVERNANCE

Tone at the Top

We adopt a zero-tolerance approach to corruption and fraud. We are committed to achieving a high standard of corporate governance. The Group adheres to the principles and guidelines of the Code of Corporate Governance 2018. The Board recognises the significance of having good corporate governance and is dedicated to conducting business with integrity, setting the tone at the top for all our employees.

Ethics and Compliance

We follow strict internal practices and policies that reflect our strong commitment to our stakeholders, including our community, employees, customers, suppliers, etc. we are committed to exercising the highest level of ethical standards in all aspects of our business. Our Employee Handbook also encompasses our Code of Conduct demonstrates the expectation we have to operate in a way that protects and benefits our stakeholders. We have also institutionalised conflict of interest policy which defines situations whereby our employees may put themselves in a position that conflict his/ her responsibility towards our Group. All our employees are required to declare their conflicted interests on an annual basis. Employees who engage in any misconduct or whose actions are not in compliance with the Code of Conduct will be subjected to disciplinary actions, including immediate dismissal. In FY2019, there are no cases of non-compliances with our Code of Conduct and conflict of interest.

SUSTAINABILITY **REPORT**

Whistle-Blowing

Our Group's whistle-blowing policy provides an avenue for our employees to raise concerns over wrong-doing relating to unlawful conduct, financial malpractice or dangers. We aim to regulate the conduct of our employees and business dealings in preventing the occurrence of unethical or unlawful conduct of business dealings. Immediate actions will be taken to stop any of such activities when detected. An investigation process is in place and will be overseen by the Audit Committee.

All disclosures are treated in a confidential manner, ensuring that necessary actions will be taken to protect those who raise a concern in good faith without fear of reprisal. Procedures are also in place to ensure that all matters are carefully handled and investigated, before outcomes are communicated to the whistle-blower. In FY2019, there are no cases of whistle-blowing incidents.

MOVING FORWARD

In consultation with SGX Regco and our Sponsor, the Board had appointed Deloitte & Touche Enterprise Risk Services Pte Ltd to conduct an independent review for, inter alia, the adequacy and effectiveness of the internal controls of the Group from FY2014 to FY2018. For FY2019, the Company has appointed Yang Lee & Associates to perform yearly audit on the adequacy and effectiveness of the internal controls of the Group. We are determined to reinforce our commitment towards governance and address any internal control lapses in our Group. We remain accountable to our stakeholders and will update them if there are any material developments in relation to this independent review. We strive to gain back and build up our stakeholders' trust in us.

Moving forward, we will continue to strive towards creating a culture of good corporate governance and to achieve a record of zero instances of non-compliances. We seek to ensure that risks are periodically assessed and managed at an adequate level in line with our Group's risk appetite. Internal controls will also be assessed to ensure that our controls remain effective in adding value and improve our Group's governance, risk management and control processes.

In response to SGX and Sponsor's queries on issues relating to our corporate governance, please refer to our official SGX announcements. It can be viewed and downloaded at https://yventures.com.sg/investor.html.

ECONOMICS

We strive to create long term value for our stakeholder through sustainable way of doing business, transforming how we purchase and deliver. We are dedicated to integrate eco-friendly measures in our daily operations.

At the heart of the sustainable growth strategy to become an eco-friendly enterprise, we also believe that it lies in the regular communication with our various stakeholders. We are committed and regularly engage our key stakeholders to embark on this green journey together.

MOVING FORWARD

With intense competition from an ever-growing pool of emerging players on e-commerce platform and local retailers with brick-and-mortar shops, Y ventures will channel and concentrate our efforts on our core book business and scale back on other non-book functions. Sustainable growth remains as top priority for Y Ventures management and reinforcing strong relationship with our existing publishers is fundamental to it. We prioritise relationship building with our publishers and annual feedback session is conducted to update them with exclusive insights on popular book trends and potential market outlook. With stable and good relationship with them, this ensures sustainability in our growth and helps us to provide the continuous stream of diverse book selections to our customers.

At Y Ventures, we focus on responsible and prudent financial management and long-term sustainable growth strategies. For more information regarding our Financial Performance, refer to pages 4 to 5 of our annual report.

SOCIAL

At Y Ventures, we believe in creating a workplace where people and ideas can strive, and ensuring diverse career development opportunities. We believe in empowering our employees as they are our greatest assets and will play a significant role in the success of our business. We value and respect differences and strive to make our work environment attractive for all employees. We also strive to bring about a positive contribution to the communities we operate in through our business activities and initiatives.

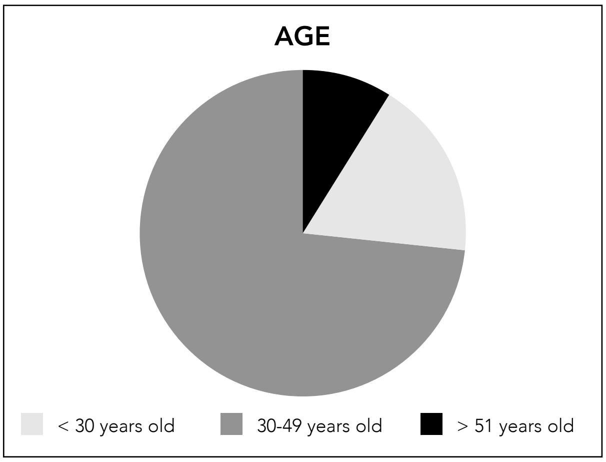
(a) OUR EMPLOYEES

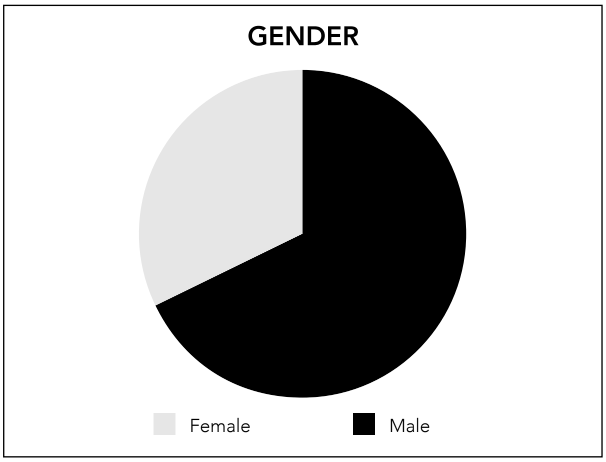
Fostering Diversity and Inclusion

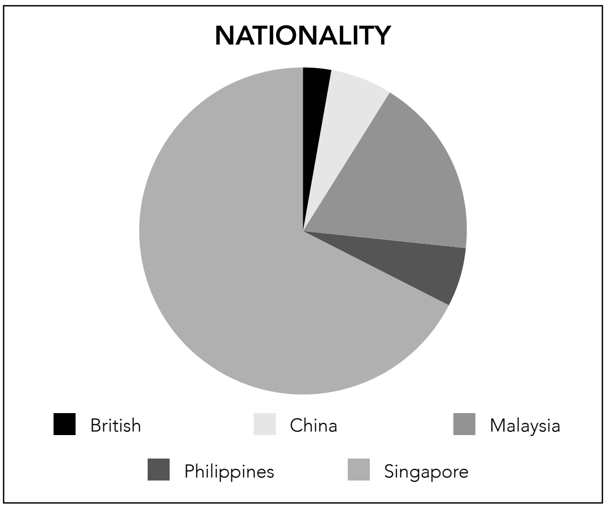
We value talents and differences our employees bring to our company. We believe that our employees will lead us to innovative solutions for our business, enable us to better meet the needs of a diverse customer base and strengthen our business. We are committed to build a diverse pool of talents to meet the evolving needs of our customers. We strive to retain the best people we can and provide them with the right training and development that commits to providing the best to our customers.

To foster diversity and inclusion within our company, we focus on recruitment, development and retention. We seek to develop equity in representation and an inclusive culture. We are also committed to fair-pay practices and developing employment package suitable for each individual employee. Each employment package is unique and catered to their respective job requirements. We believe in catering to the needs of our employees so that they will feel motivated, aligned with our mission, vision and values of the company.

As at 31 December 2019, we have 34 employees. Our employee turnover rate is 62.8% with 22 employees leaving and 14 new employees joining our Group due to the discontinuation of the non-books business. The following diagrams show the profiles of our employees.







SUSTAINABILITY **REPORT**

Performance Review

We believe that strengthening communication within the workplace and creating a "Open-Communication Culture" will contribute to maximising our employees' productivity and performance. This will in turn lead to our company's success. Annual performance appraisals will be performed between employees and their supervisors. During this exercise, employees are able to communicate their aspirations and align their goals with their job scope. Each employee is also individually assessed to monitor their progress and to provide them with the necessary guidance needed for their professional development.

Workplace Health and Safety

Safe and healthy workplaces are a top priority for us. It is our goal to create a workplace that supports the daily life and wellbeing of our employees. We are constantly exploring and evolving towards a new, better and safe working environment. We believe that to improve our employees' productivity, we need to ensure a safe and healthy working environment and make them feel at home in their working environment. We are pleased to say that there are zero workplace incidents in FY2019.

Training and Development

We are committed to investing in the growth of our employees as our success depends on being able to bring in the right expertise and working attitude to our company. We strive to provide the necessary training to meet the needs of our employees' professional function and development. In FY2019, we have sent our employees to courses organised by Institute of Singapore Chartered Accountants (ISCA) and National University of Singapore's Business School. Courses include Financial Data Management, Corporate Tax Workshop, Financial Statement Analysis and Creating Professional PivotTable Driven Reports and in total, we have clocked 49 training hours. We also participated in "Place-and-Train" program under Professional Conversion Programmes and is also part of the "Startup Talent Factory" initiative funded by Skills Future, clocking up a total of 525 training hours in FY2019. We strive to provide learning opportunities and invest in talent into our Group and in total, we have invested approximately 560 man-hours in training.

Investing in Leadership (Mentorship Programme)

Our leaders are trained to actively coach employees for ongoing performance and development. We strive to provide equal and fair growth opportunities for all our employees. We have dedicated time to coach new employees for them to familiarise with their job scope to better cope with the fast-paced working environment in our company. Employees are assigned to teams to work together, and will be reviewed by their mentor so as to allow for easier assessment of their potential to grow within their current roles.

Flexi-Working Arrangements

At Y Ventures, we offer flexi-working arrangements to our employees. We strongly believe that the successful implementation of flexi-work arrangements helps contribute to a conducive and supportive work environment. This has allowed us to attract, motivate and retain our valued employees as we are committed to help employees balance their work and personal lives better with these flexi-working arrangements.

Internships

Since 2015, we have also drawn talents from academic institutions and government organizations by providing internship opportunities for students. We have worked closely with various tertiary institutions to provide three (3) to six (6) months of internship opportunities to students in the field of Business and Information Technology. For FY2019, we have recruited nine (9) interns to join our corporate experience.

SUSTAINABILITY **REPORT**

(b) OUR COMMUNITY

Books For Africa

At Y Ventures, we believe that every child deserves an opportunity to have access to education. Hence, we resonate with the Books For Africa's initiatives and that books are the foundation of a strong educational system for building the next generation of leaders. Annually, we contribute books to "Books For Africa" and playing our part to improve others' lives. To-date since FY2017, we contributed a total of 437 books to the organisation. We hope that the books donated would help create a culture of literacy and provide the tools of empowerment to the children in Africa.

Professional Conversion Programmes

In FY2019, we have participated in Workforce Singapore's Professional Conversion Programme ("PCP"). It is a career conversion programmes targeted at Professionals, Managers, Executives and Technicians (PMETs), including mid-career switchers, to undergo skills conversions and move into new occupations or sectors that have good prospects and opportunities for progression. There are two (2) types of programmes under the PCP:

- Place-and-Train: Individuals are hired by a participating employer before undergoing training to take on a new role.
- Attach-and-Train: Individuals are provided with training and work attachments, in advance of a job placements, through industry partners.

We are pleased to say that in FY2019, we have six (6) individuals under this our Place-and-Train programme. In 2019, there are about 375 training hours dedicated to providing the individuals a career switch opportunity and the necessary training they require. We will ensure that our training caters to the needs of each individual so as to better prepare them for their new roles.

Donation

We believe in contributing back to the society and creating a better environment for all out stakeholders. Our subsidiary, JustNile Pte. Ltd. donated US$12,756 worth of basic necessities to Kembangan-Chai Chee Seniors Activity Centre.

We also recognise the need to invest in our next generation and realise the potential within them. We are the proud donors of Temasek Polytechnic- 2019 Graduation Ceremony's Silver Medal and Y Venture Group Project Prize of US$737.

In FY2019, we also contributed US$2,192 for Singapore Book Publishers Association (SBPA) Singapore Book Awards Gala Dinner 2019. With SBPA representing the interests of Singapore publishers who are engaged in a wide range of publishing, marketing and distribution activities in both print and digital format. The association aims to encourage aspiring local authors and also promote healthy reading movement in Singapore.

MOVING FORWARD

With our strategic business focus shifting away from non-book sectors, we have scaled down our furniture donation drive. We are prudent in our social initiatives in FY2019 as we are focusing on building our core business in order to create value for our stakeholders. We will continue to devote time and efforts to involve ourselves with the communities and forge stronger ties with our stakeholders. We aim to provide more training and development in our employees' personal growth. We also aim to reciprocate the support received from the community by expanding our reach to our local communities.

SUSTAINABILITY **REPORT**

ENVIRONMENT

For the past few decades, environmental degradation has been exacerbating at an alarming rate and Y Ventures believe that conservational efforts are of paramount importance. With our utmost commitment, we strive towards building a sustainable business though environmentally friendly measures and reducing environmental impacts cause by Y Ventures and our services, including waste generation and all forms of pollution. We are devoted to be a service provider that empowers our stakeholders and customers to minimise their environmental impacts.

With the global climate crisis on the rise, this urgently calls for collective and integrated actions of every stakeholder on planet Earth, and this transforms the way we do business significantly. SKAP a subsidiary of Y Ventures, is a leading waste management and bulky waste disposal company in Singapore since 2009. SKAP resonates with the core philosophy of "Reduce, Reuse and Recycle" and helps to transform trash into "treasure" by creating economic value for waste which would have been thrown away. For FY2019, a total of 46,983 kg of metal have been sent for recycling. Sustainable efforts by SKAP attests that economic growth can be developed in conjunction with environmental conservation efforts. Waste management service holds great potential in light of critical global climate change and unbridled consumeristic culture of today's age.

Electricity Consumption

Sustainable living is inextricably connected to daily office operations and provision of logistics services, core business of the Group. For electricity usage of office, we are unable to monitor it as electricity bill is included in part of the rental fee for office. However, we still continue to monitor the electricity usage of our warehouse as we believe that small changes in our electricity usage can make a big difference and we are committed to reduce environmental impact by actively monitoring our electricity usage.

Electricity usage (kWH)	FY2019(2)	FY2018(1)
Warehouse	10,278	10,847

Notes:
Electricity Usage for warehouse for FY 2018 was approximately calculated from January to December 2018
Electricity usage for warehouse for FY 2019 was approximately calculated from January to December 2019

For electricity usage for warehouse, we monitored for about 12 months of the electricity usage and noted that there is no significant fluctuation in the electricity usage. We aim to be an environmentally conscious firm and will continue to strive to maintain a stable electricity consumption for our operation.

Online Quotations

One way to be environmentally friendly is to scale back on paper usage. With the advent of technology, we are shifting our operations towards paperless as part of our conservational efforts. Instead of paper quotations, customers are encouraged to utilise online platforms for respective service request. As an incentive for existing customers, a 5% discount is given for online quotation service users. This can be done by simply submitting an online form and snapping a photo of the items to be disposed.

With the digitalisation of the operation process, there is a greater reduction of energy consumption. Furthermore, digitalised data can easily be accessed within the Group by authorised personnel without the need to be printed out.

MOVING FORWARD

Moving forward, we will continue to take an active step on the monitoring of electricity and water usage in our premises. We achieved our goal to participate in Earth Hour 2019 and we aim to continue this good practice to raise awareness for environmental conservation and participate in Earth Hour 2020. As part of our sustainable initiative, we integrate these into our daily operations and switch off air conditioner after work every working week day. We will stay committed in playing an active role in environmental conservation.

SUSTAINABILITY **REPORT**

GRI Content Index

GRI Standard	Disclosure Title	Page Reference & Remarks
GENERAL DISCLOSURE		
ORGANIZATIONAL PROFILE		
Disclosure 102-1	Name of the Organization	Annual Report- Corporate Profile
Disclosure 102-2	Activities, brands, products, and services	Annual Report- Corporate Profile
Disclosure 102-3	Location of headquarters	Annual Report- Corporate Profile
Disclosure 102-4	Location of operations	Annual Report- Corporate Profile
Disclosure 102-5	Ownership and legal form	Annual Report- Corporate Profile, Shareholder statistics
Disclosure 102-6	Markets served	Annual Report- Corporate Profile
Disclosure 102-7	Scale of the Organization	Annual Report- Financial Review
Disclosure 102-8	Information on employees and other workers	Sustainability Reporting- Social
Disclosure 102-9	Supply Chain	Annual Report- Corporate Profile
Disclosure 102-10	Significant changes to the organization and its supply chain	Annual Report- Corporate Profile, Financial Review
Disclosure 102-11	Precautionary Principle or approach	Sustainability Reporting- Enterprise Risk Management, Governance
Disclosure 102-12	External initiatives	Annual Report- Governance
Disclosure 102-13	Membership of associations	None
STRATEGY		
Disclosure 102-14	Statement from senior decision maker	Sustainability Reporting- Board's Statement
Disclosure 102-15	Key impacts, risks, and opportunities	Sustainability Reporting- Board's Statement
ETHICS AND INTEGRITY		
Disclosure 102-16	Values, principles, standards, and norms of behaviour	Sustainability Report - Corporate Governance
Disclosure 102-17	Mechanisms for advice and concerns about ethics	Annual Report- Corporate Governance report- Whistle Blowing Policy
GOVERNANCE		
Disclosure 102-18	Governance structure	Sustainability Reporting – Corporate Governance
Disclosure 102-19	Delegating authority	Sustainability Reporting – Corporate Governance
Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Reporting – Corporate Governance
Disclosure 102-21	Consulting stakeholders on economic, environmental and social topics	Sustainability Reporting- Stakeholder Engagement
Disclosure 102-22	Composition of the highest governance body and its committee	Annual Report- Corporate Governance report- Board Matters
Disclosure 102-23	Chair of the highest governance body	Annual Report- Corporate Governance report- Board Matters- Board Composition
Disclosure 102-24	Nominating and selecting the highest governance body	Annual Report- Corporate Governance report- Board Matters
Disclosure 102-25	Conflicts of interest	Annual Report- Corporate Governance report- Additional Matters- Dealing with conflict of interest Sustainability Reporting- Governance
Disclosure 102-26	Role of highest governance body in setting purposes, values, and strategy	Sustainability Reporting – Corporate Governance
Disclosure 102-27	Collective knowledge of highest governance body	Sustainability Reporting – Corporate Governance
Disclosure 102-28	Evaluating the highest governance body's performance	Sustainability Reporting – Corporate Governance
Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Reporting – Materiality Assessment
Disclosure 102-30	Effectiveness of risk management process	Sustainability Reporting – Corporate Governance
Disclosure 102-31	Review of economic, environmental, and social topics	Sustainability Reporting – Materiality Assessment
Disclosure 102-32	Highest governance body's role in sustainability reporting	Sustainability Reporting – Corporate Governance
Disclosure 102-33	Communicating critical concerns	Annual Report

SUSTAINABILITY **REPORT**

GRI Standard	Disclosure Title	Page Reference & Remarks
GOVERNANCE		
Disclosure 102-34	Nature and total number of critical concerns	Annual Report- Corporate Governance report- Other Corporate Governance Matters
Disclosure 102-35	Remuneration policies	Annual Report- Corporate Governance report- Remuneration Matters
Disclosure 102-36	Process for determining remuneration	Annual Report- Corporate Governance report- Remuneration Matters
Disclosure 102-37	Stakeholders' involvement in remuneration	Annual Report- Corporate Governance report- Remuneration Matters
Disclosure 102-38	Annual total compensation ratio	We choose not to disclose as we reward based on meritocracy.
Disclosure 102-39	Percentage increase in annual total compensation ratio	We choose not to disclose as we reward based on meritocracy.
STAKEHOLDER ENGAGEMENT		
Disclosure 102-40	List of stakeholder groups	Sustainability Reporting- Stakeholder Engagement
Disclosure 102-41	Collective bargaining agreements	None of our employees have joined trade union.
Disclosure 102-42	Identifying and selecting stakeholders	Sustainability Reporting- Stakeholder Engagement
Disclosure 102-43	Approach to stakeholder engagement	Sustainability Reporting- Stakeholder Engagement
Disclosure 102-44	Key topics and concerns raised	Sustainability Reporting- Stakeholder Engagement
REPORTING PRACTICE		
Disclosure 102-45	Entities included in the consolidated financial statements	Annual Report- Financial Review
Disclosure 102-46	Defining report content and topic boundaries	Sustainability Reporting- About This Report
Disclosure 102-47	List of material topics	Sustainability Reporting- Material Topics – At A Glance
Disclosure 102-48	Restatements of information	None
Disclosure 102-49	Changes in reporting	None
Disclosure 102-50	Reporting period	Sustainability Reporting- About This Report
Disclosure 102-51	Date of most recent report	FY2018 Annual Report
Disclosure 102-52	Reporting cycle	Annual
Disclosure 102-53	Contact point for questions regarding the report	Sustainability Reporting- About This Report
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Reporting- About This Report
Disclosure 102-55	GRI content index	Sustainability Reporting- GRI Content Index
Disclosure 102-56	External assurance	Not sought
MANAGEMENT APPROACH		
Disclosure 103-1 Disclosure 103-2 Disclosure 103-3	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	Business Ethics and Anti-corruption Product quality assurance Direct and indirect economic impact Talent attraction and retention Training and development Community Waste management Carbon footprint reduction
ECONOMIC PERFORMANCE		
Disclosure 201-1	Direct economic value generated and distributed	Annual Report- Financials
Disclosure 201-2	Financial implications and other risks and opportunities due to climate change	We have assessed that climate change has no significant impact on our business
Disclosure 201-3	Defined benefit plan obligations and other retirement plans	There is no pension scheme and employees under retirement plan.
Disclosure 201-4	Financial assistance received from government	Sustainability Reporting - Social
MARKET PRESENCE		
Disclosure 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	We choose not to disclose as we reward based on meritocracy.
Disclosure 202-2	Proportion of senior management hired from the local community	We choose not to disclose as we reward based on meritocracy.

SUSTAINABILITY **REPORT**

GRI Standard	Disclosure Title	Page Reference & Remarks
INDIRECT ECONOMIC IMPACTS		
Disclosure 203-1	Infrastructure investments and services supported	Sustainability Reporting - Social
Disclosure 203-2	Significant indirect economic impacts	Sustainability Reporting - Social
PROCUREMENT PRACTICES		
Disclosure 204-1	Proportion of spending on local suppliers	This is not applicable to the Group due to the nature of our business.
ANTI-CORRUPTION		
Disclosure 205-1	Operations assessed for risks related to corruption	Sustainability Reporting - Governance
Disclosure 205-2	Communication and training about anti-corruption policies and procedures	
Disclosure 205-3	Confirmed incidents of corruption and actions taken	
ANTI-COMPETITIVE BEHAVIOR		
Disclosure 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Sustainability Reporting - Governance
MATERIAL		
Disclosure 301-1	Materials used by weight or volume	We do not track materials used for packaging.
Disclosure 301-2	Recycled input materials used	This is not applicable to the Group due to the nature of our business.
Disclosure 301-3	Reclaimed products and their packaging materials	
ENERGY		
Disclosure 302-1	Energy consumption within the organization	Sustainability Reporting- Environment
Disclosure 302-2	Energy consumption outside of the organization	Energy usage outside the organization is not significant hence we did not track.
Disclosure 302-3	Energy intensity	Sustainability Reporting- Environment
Disclosure 302-4	Reduction of energy consumption	Sustainability Reporting- Environment
Disclosure 302-5	Reductions in energy requirements of products and services	Sustainability Reporting- Environment
WATER AND EFFLUENTS		
Disclosure 303-1	Interactions with water as a shared resource	This is not applicable to the Group due to the nature of our business.
Disclosure 303-2	Management of water discharge-related impacts	This is not applicable to the Group due to the nature of our business.
Disclosure 303-3	Water withdrawal	Water withdrawal via Local Authority
Disclosure 303-4	Water discharge	We do not track water discharge.
Disclosure 303-5	Water consumption	This is not applicable to the Group due to the nature of our business.
BIODIVERSITY		
Disclosure 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	This is not applicable to the Group as the Group does not own any protected areas or area of high biodiversity value.
Disclosure 304-2	Significant impacts of activities, products, and services on biodiversity	This is not applicable to the Group due to the nature of our business.
Disclosure 304-3	Habitats protected or restored	This is not applicable to the Group due to the nature of our business.
Disclosure 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	This is not applicable to the Group due to the nature of our business.
EMISSIONS		
Disclosure 305-1	Direct (Scope 1) GHG emissions	This is not applicable to the Group due to the nature of our business.
Disclosure 305-2	Energy indirect (Scope 2) GHG emissions	
Disclosure 305-3	Other indirect (Scope 3) GHG emissions	
Disclosure 305-4	GHG emissions intensity	
Disclosure 305-5	Reduction of GHG emissions	
Disclosure 305-6	Emissions of ozone-depleting substances (ODS)	
Disclosure 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	

SUSTAINABILITY **REPORT**

GRI Standard	Disclosure Title	Page Reference & Remarks
EFFLUENTS AND WASTE		
Disclosure 306-1	Water discharge by quality and destination	This is not applicable to the Group due to the nature of our business.
Disclosure 306-2	Water by type and disposal method	
Disclosure 306-3	Significant spills	
Disclosure 306-4	Transport of hazardous waste	
Disclosure 306-5	Water bodies affected by water discharges and/or runoff	
ENVIRONMENTAL COMPLIANCE		
Disclosure 307-1	Non-Compliance with environmental laws and regulations	No occurrence during our period of review.
SUPPLIER ENVIRONMENTAL ASSESSMENT		
Disclosure 308-1	New suppliers that were screened using environmental criteria	No occurrence during our period of review.
Disclosure 308-2	Negative environmental impacts in the supply chain and actions taken	This is not applicable to the Group due to the nature of our business.
EMPLOYMENT		
Disclosure 401-1	New employee hires and employee turnover	Sustainability Reporting- Social
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Reporting- Social
Disclosure 401-3	Parental leave	Sustainability Reporting- Social
LABOR /MANAGEMENT RELATIONS		
Disclosure 402-1	Minimum notice periods regarding operational changes	No occurrence during our period of review.
OCCUPATIONAL HEALTH AND SAFETY		
Disclosure 403-1	Occupational health and safety management system	This is not applicable to the Group due to the nature of our business.
Disclosure 403-2	Hazard identification, risk assessment and incident investigation	
Disclosure 403-3	Occupational health services	
Disclosure 403-4	Worker participation, consultation, and communication on occupational health and safety	
Disclosure 403-5	Worker training on occupational health and safety	
Disclosure 403-6	Promotion of worker health	
Disclosure 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
Disclosure 403-8	Workers covered by an occupational health and safety management system	
Disclosure 403-9	Work-related injuries	No occurrence during our period of review.
Disclosure 403-10	Work-related ill health	This is not applicable to the Group due to the nature of our business.
TRAINING AND EDUCATION		
Disclosure 404-1	Average hours of training per year per employee	Sustainability Reporting- Social
Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Reporting- Social
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Reporting- Social
DIVERSITY AND EQUAL OPPORTUNITY		
Disclosure 405-1	Diversity of governance bodies and employees	Sustainability Reporting- Social
Disclosure 405-2	Ratio of basic salary and remuneration of women to men	We choose not to disclose as we reward based on meritocracy.

SUSTAINABILITY REPORT

GRI Standard	Disclosure Title	Page Reference & Remarks
NON-DISCRIMINATION		
Disclosure 406-1	Incidents of discrimination and corrective actions taken	No occurrence during our period of review.
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
Disclosure 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We have not identified this risk in our course of normal operations.
CHILD LABOR		
Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labour	We have not identified this risk in our course of normal operations.
FORCED OR COMPULSORY LABOR		
Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	We have not identified this risk in our course of normal operations.
SECURITY PRACTICES		
Disclosure 410-1	Security personnel trained in human rights policies or procedures	We have not identified this risk in our course of normal operations.
RIGHTS OF INDIGENOUS PEOPLES		
Disclosure 411-1	Incidents of violations involving rights of indigenous peoples	No occurrence during our period of review.
HUMAN RIGHTS ASSESSMENT		
Disclosure 412-1	Operations that have been subject to human rights reviews or impact assessments	No occurrence during our period of review.
Disclosure 412-2	Employee training on human rights policies or procedures	We have not identified this risk in our course of normal operations.
Disclosure 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	We have not identified this risk in our course of normal operations.
LOCAL COMMUNITIES		
Disclosure 413-1	Operations with local community engagement, impact assessments and development programs	This is not applicable to the Group due to the nature of our business.
Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	This is not applicable to the Group due to the nature of our business.
SUPPLIER SOCIAL ASSESSMENT		
Disclosure 414-1	New suppliers that were screened using social criteria	No occurrence during our period of review.
Disclosure 414-2	Negative social impacts in the supply chain and actions taken	This is not applicable to the Group due to the nature of our business.
PUBLIC POLICY		
Disclosure 415-1	Political contributions	No occurrence during our period of review.
CUSTOMER HEALTH AND SAFETY		
Disclosure 416-1	Assessment of the health and safety impacts of product and service categories	This is not applicable to the Group due to the nature of our business.
Disclosure 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No occurrence during our period of review.
MARKETING AND LABELING		
Disclosure 417-1	Requirements for product and service information and labelling	This is not applicable to the Group due to the nature of our business.
Disclosure 417-2	Incidents of non-compliance concerning product and service information and labelling	No occurrence during our period of review.
Disclosure 417-3	Incidents of non-compliance concerning marketing communications	No occurrence during our period of review.
CUSTOMER PRIVACY		
Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Reporting- Governance
SOCIOECONOMIC COMPLIANCE		
Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area	No occurrence during our period of review.

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Y Ventures Group Ltd. (the "Company") and its subsidiary corporations (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 80 to 135 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement, after considering the measures taken by the Group in Note 3(a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Low Yik Sen	
Low Yik Jin	
Edward Tiong Yung Suh	
Ng Tiong Gee	
Lew Chern Yong	
Goh Cher Shua	(Appointed on 7 May 2019)
Tan Jia Kien	(Appointed on 14 October 2019)

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interest in shares or debentures

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

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
Name of directors	**At 1.1.2019/ date of appointment**	**At 31.12.2019**	**At 1.1.2019/ date of appointment**	**At 31.12.2019**
The Company				
Low Yik Sen	35,557,500	–	38,307,500	53,365,000[(1)]
Low Yik Jin	71,115,000	71,115,000	2,750,000	2,750,000[(2)]
Edward Tiong Yung Suh	50,000	50,000	–	–
Ng Tiong Gee	–	–	100,000	100,000[(3)]
Lew Chern Yong	–	–	–	20,500,000[(4)]

Notes:

(1) Mr Low Yik Sen is deemed to be interested in 53,365,000 shares held under custodian nominee account(s).
(2) Mr Low Yik Jin is deemed to be interested in 2,750,000 shares held under custodian nominee account(s).
(3) Mr Ng Tiong Gee is deemed to be interested in 100,000 shares registered in the name of a nominee account of UOB Kay Hian Private Limited.
(4) Mr Lew Chern Yong is the sole shareholder of Amber Blaze Limited, a company incorporated in the British Virgin Islands, and is deemed to be interested in 20,500,000 shares which Amber Blaze Limited has interest in by virtue of Section 4 of the Securities Futures Act (Chapter 289) of Singapore.

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

	Number of ordinary shares	
	At 1.1.2019	**At 31.12.2019**
Ordinary share with par value of US$1.00 each		
JustNile Holdings	222,261	222,261
Ordinary share with par value of US$1.00 each		
JustNile Distribution Ltd.	30,000	30,000
Ordinary share with par value of US$0.01 each		
JustNile Inc	900	900
Ordinary share with no par value		
JustNile International Corp	1,800,000	1,800,000
Ordinary share		
Faire Holdings Pte. Ltd.	51	–
Ordinary share with par value of INR100.00 each		
Jaykin Distribution (India) Private Limited	510	510

The directors' interest in the ordinary shares of the Company and subsidiary corporations as at 21 January 2020 were the same as those as at 31 December 2019.

DIRECTORS' STATEMENT

Share options

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

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

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

Y Ventures Performance Share Plan

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

The PSP is administered by the Remuneration Committee of the Company, currently comprises Mr Edward Tiong Yung Suh, Mr Goh Cher Shua, Mr Ng Tiong Gee and Mr Tan Jia Kien.

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

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

Audit Committee

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

Goh Cher Shua (Chairman)
Edward Tiong Yung Suh
Ng Tiong Gee
Tan Jia Kien

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

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

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

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

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

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

(d) the financial statements of the Company and the Group for the financial year ended 31 December 2019 and the independent auditor's report thereon; and

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

DIRECTORS' STATEMENT

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

Independent auditor

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

On behalf of the Board of Directors

Lew Chern Yong Director	Low Yik Jin Director

31 March 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Y Ventures Group Ltd.

Report on the Audit of the Financial Statements

Qualified Opinion arising from Qualification in the Previous Financial Year

We have audited the accompanying financial statements of Y Ventures Group Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 80 to 135, which comprise the statements of financial position of the Group and 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.

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

Basis for Qualified Opinion arising from Qualification in the Previous Financial Year

The financial statements for the financial year ended 31 December 2018 was qualified as we are unable to obtain sufficient appropriate audit evidence to ascertain the accuracy, existence and valuation of the carrying value of inventories totalling US$168,118 in JustNile Pte. Ltd. ("JNPL").

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

JNPL did not hold any inventories as at 31 December 2019.

As the carrying value of inventories as at 31 December 2018 form part of the opening balances for the current financial year, and as we were unable to carry out any alternative audit procedures to obtain sufficient and appropriate audit evidences on the opening balances, we were unable to determine whether any adjustments might be necessary in respect of the consolidated statement of profit or loss and other comprehensive income for the current financial year, and whether there will be possible effects on the comparability of current year's figures with corresponding figures.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3(a) to the financial statements. The Group reported a net loss and total comprehensive loss of US$1,688,852 and US$1,680,096 for the financial year respectively. The Group also reported net cash used in operating activities for the financial year of US$172,207. As at 31 December 2019, the Group's and the Company's accumulated losses amounted to US$4,631,929 and US$6,613,668 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S **REPORT**

To the Members of Y Ventures Group Ltd.

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

Material Uncertainty Related to Going Concern (cont'd)

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

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

Our opinion is not qualified in respect of this matter.

Emphasis of Matter

We draw attention to the Company's announcement on 12 March 2019 that in consultation with SGX RegCo and the Company's Sponsor, the Company had appointed Deloitte and Touche Enterprise Risk Services Pte Ltd ("Deloitte") as the independent reviewer. It was announced that the scope of the independent review will include, inter alia, the review of the adequacy and effectiveness of the internal controls of the Group for the financial reporting period starting from 1 January 2014 to 31 December 2018; quantify and particularise any misstatements in the Group's prior years' financial statements as disclosed in the IPO offer document and to-date as a result of the internal control lapses and misstatements identified; and identify any possible breaches of the Singapore Exchange Rulebooks, Companies Act (Cap 50) and/or Securities and Futures Act (Cap 289), in relation to the internal control lapses and misstatements identified and identify the parties responsible for the possible breaches. As at the date of these financial statements, Deloitte has not issued its independent review report.

Our opinion is not qualified in respect of this matter.

Key Audit Matters

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

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

Refer to Notes 3(j) and 17 to the financial statements.

The key audit matter:

The Group's inventories totalled US$22,007,020 (2018: US$9,312,820) which accounted for 84% (2018: 70%) of the Group's total assets as at 31 December 2019. As disclosed in Note 2(j) to the financial statements, inventories are stated at the lower of cost and net realisable value. Write-down of inventories to their net realisable values charged to profit or loss for the current financial year amounted to US$25,666 (2018: US$531,364). The write-down to net realisable value for slow-moving and obsolete inventories is considered a key audit matter, as it requires management to exercise judgement in identifying slow-moving and obsolete inventories and making estimates of the net realisable value to determine the appropriate level of write-down required. Any significant changes in anticipated future selling prices and saleability may affect the valuation of the inventories.

INDEPENDENT AUDITOR'S **REPORT**

To the Members of Y Ventures Group Ltd.

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

Key Audit Matters (cont'd)

Valuation of inventories at the lower of costs and net realisable value (cont'd)

<u>Our audit procedures to address the key audit matter</u>

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

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

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

- We verified whether inventories are recorded at the lower of cost and net realisable value by comparing, on a sample basis, the recorded unit cost of inventories against recent/subsequent selling prices.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2019 Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S **REPORT**

To the Members of Y Ventures Group Ltd.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S **REPORT**

To the Members of Y Ventures Group Ltd.

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

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

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

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

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

Report on other Legal and Regulatory Requirements

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

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

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

		Group	
		2019	2018
	Note	**US$**	US$
Revenue	4	**24,697,828**	18,065,847
Cost of sales		**(15,080,729)**	(12,837,624)
Gross profit		**9,617,099**	5,228,223
Other income			
- others	5	**608,322**	1,060,334
- interest income		**38**	477
Expenses			
Selling and distribution expenses		**(7,500,865)**	(5,257,918)
Administrative expenses		**(4,293,984)**	(4,486,205)
Finance costs	6	**(87,058)**	(76,436)
Impairment losses on financial assets		**(22,309)**	(448,936)
Loss before tax	7	**(1,678,757)**	(3,980,461)
Tax expense	9	**(10,095)**	(14,854)
Loss for the year		**(1,688,852)**	(3,995,315)
Other comprehensive income/(loss):			
Item that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**8,756**	(507)
Item that will not be reclassified subsequently to profit or loss:			
Fair value loss on financial assets at fair value through other comprehensive income		**–**	(29,001)
Total comprehensive loss for the year		**(1,680,096)**	(4,024,823)
Loss attributable to:			
Equity holders of the Company		**(1,614,986)**	(3,707,891)
Non-controlling interests		**(73,866)**	(287,424)
		(1,688,852)	(3,995,315)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(1,606,116)**	(3,737,498)
Non-controlling interests		**(73,980)**	(287,325)
		(1,680,096)	(4,024,823)
Loss per share attributable to equity holders of the Company (cents per share)			
Basic and diluted	10	**(0.8)**	(1.8)

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

STATEMENTS OF FINANCIAL POSITION
At 31 December 2019

		Group		Company	
		2019	2018	**2019**	2018
	Note	**US$**	US$	**US$**	US$
Non-current assets					
Property, plant and equipment	11	**73,944**	1,387,756	**–**	–
Right-of-use assets	12	**263,333**	–	**–**	–
Intangible assets	13	**182,346**	278,165	**–**	–
Investment property	14	**1,216,863**	–	**–**	–
Investment in subsidiaries	15	**–**	–	**2,344,771**	2,344,808
Financial assets at fair value through other comprehensive income	16	**–**	–	**–**	–
Total non-current assets		**1,736,486**	1,665,921	**2,344,771**	2,344,808
Current assets					
Inventories	17	**22,007,020**	9,312,820	**–**	–
Trade and other receivables	18	**1,203,960**	1,197,785	**1,852,931**	197,478
Cash and bank balances		**1,208,846**	1,132,030	**60,032**	52,033
Total current assets		**24,419,826**	11,642,635	**1,912,963**	249,511
Total assets		**26,156,312**	13,308,556	**4,257,734**	2,594,319
Non-current liabilities					
Borrowings	19	**986,652**	915,888	**–**	–
Deferred tax liabilities		**30,686**	30,686	**–**	–
Total non-current liabilities		**1,017,338**	946,574	**–**	–
Current liabilities					
Trade and other payables	20	**20,372,494**	6,877,713	**594,101**	129,288
Contract liabilities	21	**3,321**	11,268	**–**	–
Borrowings	19	**1,365,727**	1,947,367	**–**	–
Tax payable		**190,374**	190,374	**–**	–
Total current liabilities		**21,931,916**	9,026,722	**594,101**	129,288
Total liabilities		**22,949,254**	9,973,296	**594,101**	129,288
Net assets		**3,207,058**	3,335,260	**3,663,633**	2,465,031
Equity					
Share capital	22	**10,306,302**	8,856,288	**10,306,302**	8,856,288
Currency translation reserve		**2,462**	(6,408)	**–**	–
Accumulated losses		**(4,631,929)**	(3,016,943)	**(6,613,668)**	(6,362,256)
Merger reserve	23	**(2,455,477)**	(2,455,477)	**–**	–
Fair value reserve		**(29,001)**	(29,001)	**(29,001)**	(29,001)
Equity attributable to equity holders of the Company, total		**3,192,357**	3,348,459	**3,663,633**	2,465,031
Non-controlling interests		**14,701**	(13,199)	**–**	–
Total equity		**3,207,058**	3,335,260	**3,663,633**	2,465,031

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Attributable to equity holders of the Company							
	Share capital	Currency translation reserve	Accumulated losses	Merger reserve	Fair value reserve	Total	Non-controlling interests	Total equity
	US$	US$	US$	US$	US$	US$	US$	US$
Group								
2019								
Balance at 1 January 2019	8,856,288	(6,408)	(3,016,943)	(2,455,477)	(29,001)	3,348,459	(13,199)	3,335,260
Loss for the year	–	–	(1,614,986)	–	–	(1,614,986)	(73,866)	(1,688,852)
Other comprehensive income/(loss)								
Currency translation differences arising from consolidation	–	8,870	–	–	–	8,870	(114)	8,756
Total comprehensive income/(loss) for the year	–	8,870	(1,614,986)	–	–	(1,606,116)	(73,980)	(1,680,096)
Issuance of ordinary shares (Note 22)	1,450,014	–	–	–	–	1,450,014	–	1,450,014
Disposal of a subsidiary [Note 15(ii)]	–	–	–	–	–	–	101,880	101,880
Balance at 31 December 2019	**10,306,302**	**2,462**	**(4,631,929)**	**(2,455,477)**	**(29,001)**	**3,192,357**	**14,701**	**3,207,058**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Attributable to equity holders of the Company							
	Share capital	Currency translation reserve	Retained earnings/ (accumulated losses)	Merger reserve	Fair value reserve	Total	Non-controlling interests	Total equity
	US$	US$	US$	US$	US$	US$	US$	US$
Group								
2018								
Balance at 1 January 2018	7,941,947	(5,802)	690,948	(2,455,477)	–	6,171,616	274,126	6,445,742
Loss for the year	–	–	(3,707,891)	–	–	(3,707,891)	(287,424)	(3,995,315)
Other comprehensive (loss)/income								
Currency translation differences arising from consolidation	–	(606)	–	–	–	(606)	99	(507)
Fair value loss on financial assets at fair value through other comprehensive income	–	–	–	–	(29,001)	(29,001)	–	(29,001)
Total comprehensive loss for the year	–	(606)	(3,707,891)	–	(29,001)	(3,737,498)	(287,325)	(4,024,823)
Issuance of ordinary shares (Note 22)	914,341	–	–	–	–	914,341	–	914,341
Balance at 31 December 2018	8,856,288	(6,408)	(3,016,943)	(2,455,477)	(29,001)	3,348,459	(13,199)	3,335,260

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Note	Share capital US$	Accumulated losses US$	Fair value reserve US$	Total equity US$
Company					
Balance at 1 January 2018		7,941,947	(1,145,194)	–	6,796,753
Loss for the year		–	(5,217,062)	–	(5,217,062)
Other comprehensive loss					
Fair value loss on financial assets at fair value through other comprehensive income		–	–	(29,001)	(29,001)
Total comprehensive loss for the year		–	(5,217,062)	(29,001)	(5,246,063)
Issuance of ordinary shares	22	914,341	–	–	914,341
Balance at 31 December 2018		8,856,288	(6,362,256)	(29,001)	2,465,031
Loss and total comprehensive loss for the year		–	(251,412)	–	(251,412)
Issuance of ordinary shares	22	1,450,014	–	–	1,450,014
Balance at 31 December 2019		**10,306,302**	**(6,613,668)**	**(29,001)**	**3,663,633**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	2019 US$	2018 US$
Cash flows from operating activities		
Loss before tax	**(1,678,757)**	(3,980,461)
Adjustments for:		
Amortisation of intangible assets	**152,324**	122,329
Bad debts written off (trade)	**45,052**	105,452
Depreciation of investment property	**22,858**	–
Depreciation of property, plant and equipment	**70,422**	112,458
Depreciation of right-of-use assets	**241,111**	–
Gain on disposal of property, plant and equipment	**(1,287)**	–
Gain on disposal of subsidiary [Note 15(ii)]	**(109,655)**	(852,289)
Impairment loss on advance to supplier refundable in cash	**–**	269,666
Impairment loss on intangible assets	**–**	26,854
Impairment loss on trade and other receivables	**22,309**	179,270
Interest expense	**87,058**	76,436
Interest income	**(38)**	(477)
Property, plant and equipment written off	**–**	6,581
Reversal of impairment loss on property, plant and equipment	**–**	(53,846)
Unrealised exchange loss/(gain)	**8,816**	(10,793)
Write-down of inventories	**25,666**	531,364
Operating cash flows before working capital change	**(1,114,121)**	(3,467,456)
Inventories	**(12,779,709)**	(3,783,934)
Receivables	**(89,026)**	(551,208)
Payables and contract liabilities	**13,806,289**	5,610,040
Currency translation adjustments	**14,417**	2,293
Cash flows used in operations	**(162,150)**	(2,190,265)
Income tax paid	**(10,095)**	(224,833)
Interest received	**38**	477
Net cash used in operating activities	**(172,207)**	(2,414,621)

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2019

	2019	2018
	US$	US$
Cash flow from investing activities		
Purchases of property, plant and equipment	**(565)**	(111,705)
Proceeds from disposal of property, plant and equipment	**5,939**	–
Purchase of intangible assets	**(56,588)**	(214,290)
Net cash (outflow)/inflow from disposal of a subsidiary [Note 15(ii)]	**(32,587)**	287,830
Addition of investment in financial asset at fair value through other comprehensive income	**–**	(29,001)
Net cash used in investing activities	**(83,801)**	(67,166)
Cash flow from financing activities		
Repayments of borrowings	**(1,299,658)**	(153,827)
Proceeds from issue of shares, net	**1,450,014**	914,341
Proceeds from borrowings	**1,000,000**	1,396,911
Interest paid	**(87,058)**	(76,436)
Repayment of lease liabilities	**(189,250)**	–
Net cash generated from financing activities	**874,048**	2,080,989
Net increase/(decrease) in cash and cash equivalents	**618,040**	(400,798)
Cash and cash equivalents at beginning of the financial year	**480,502**	882,608
Effects of exchange rate changes on cash and cash equivalents	**(6,684)**	(1,308)
Cash and cash equivalents at end of the financial year	**1,091,858**	480,502

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

	2019	2018
	US$	US$
Cash and cash equivalents	**1,208,846**	1,132,030
Less: Bank overdrafts (Note 19)	**(116,988)**	(651,528)
Cash and cash equivalents per consolidated statement of cash flows	**1,091,858**	480,502

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

1 Corporate information

Y Ventures Group Limited (the "Company") (Co. Reg. No. 201300274R) was incorporated and domiciled in Singapore and listed on the Catalist Board of Singapore Exchange Securities Trading Limited.

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

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 15.

2 Summary of significant accounting policies

a) Basis of preparation

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

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

Use of estimates and judgements

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

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

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

New and revised standards

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

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company except as disclosed below.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 16 Leases

When the Group is the lessee

SFRS(I) 16 replaces the existing SFRS(I) 1-17: Leases for the financial period beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use asset") and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability.

The Group has adopted and applied SFRS(I) 16 at the date of initial application on 1 January 2019 using the modified retrospective approach with no restatement of the comparatives for 2018 reporting year.

On adoption of SFRS(I) 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under SFRS(I) 1-17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.48%.

The differences between operating lease commitments disclosed as at 31 December 2018 and the lease liabilities as at 1 January 2019 are due to impact of discounting using the lessee's incremental borrowing rate of 3.14%.

The associated right-of-use assets were measured at the amount equal to the lease liability (adjusted for any prepaid or accrued lease payment) on date of initial adoption. Arising from the adoption of SFRS(I) 16, right-of-use assets and lease liabilities of $503,756 and $503,756 respectively were recognised on the Group's consolidated statement of financial position on 1 January 2019.

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- account for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 16 Leases (cont'd)

When the Group is the lessor

There are no material changes to accounting by the Group as a lessor.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting date but are not yet effective for the financial year ended 31 December 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

b) Basis of consolidation

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

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

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

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. Under this method, the Company has been treated as the holding company of the subsidiaries as if combination had occurred from the date the subsidiaries first came under the control of the same shareholders. Accordingly, the results of the Group include the results of the subsidiaries for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

b) Basis of consolidation (cont'd)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

c) Subsidiaries

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

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

d) Property, plant and equipment

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

e) Intangible assets

Acquired computer software development costs

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

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

f) Investment properties

Investment properties include those portions of properties that are held to earn rental income and/or for capital appreciation. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 50 years for freehold property and 3 years for renovation. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each end of the reporting period. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

g) Impairment of non-financial assets

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

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

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

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

g) Impairment of non-financial assets (cont'd)

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

h) Financial assets

Recognition and derecognition

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

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

Classification and measurement

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

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

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

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

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

Subsequent measurement

Debt instruments

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

2 Summary of significant accounting policies (cont'd)

h) Financial assets (cont'd)

Subsequent measurement (cont'd)

Amortised cost

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

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

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

Equity instruments

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

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

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

NOTES TO **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

h) Financial assets (cont'd)

Impairment (cont'd)

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

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

i) Cash and cash equivalents in the consolidated statement of cash flows

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

j) Inventories

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

k) Financial liabilities

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

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

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

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

l) Financial guarantees

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

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 and the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

m) Provisions for other liabilities

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

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

n) Share capital

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

o) Revenue recognition

Sale of goods

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

Revenue from these sales is recorded based on the contracted price after considering expected sales returns. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is generally unconditional because only the passage of time is required before the payment is due and the risk of return is insignificant. No element of financing is deemed present. For sale of goods where advances are received from customers, the differences between the consideration received in accordance with the payment terms and revenue recognised is classified as contract liabilities.

Revenue from logistics and freight forwarding services

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

Waste management services

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

Interest income

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

p) Government grants

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

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

q) Leases

The accounting policy for leases before 1 January 2019 is as follows:

Operating leases - when a Group entity is the lessee

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

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

The accounting policy for leases after 1 January 2019 is as follows:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephone). For these exempted 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.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

q) Leases (cont'd)

The accounting policy for leases after 1 January 2019 is as follows (cont'd):

When a Group entity is the lessee (cont'd)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date of the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct costs, less any lease incentive received.

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 cost related to a right-of-use asset, the costs are included in the related right-of-use, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequent measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and 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 statements 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(g).

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 component as a single arrangement. The Group has applied this practical expedient for its leases of warehouse units.

Lease liabilities

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 its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease liabilities are presented within "borrowings" in the statements 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 reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification such as a change in the lease term, a change in the lease payment (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

q) Leases (cont'd)

The accounting policy for leases after 1 January 2019 is as follows (cont'd):

When a Group entity is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

r) Employee benefits

Defined contribution plans

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

Employee leave entitlements

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

s) Income taxes

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

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

s) Income taxes (cont'd)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting date.

t) Functional and foreign currencies

Functional and presentation currency

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

Transactions and balances

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

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

Translation of Group entities' financial statements

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

u) Segment reporting

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying the entity's accounting policies

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

(a) Going concern assumption

The Group reported a net loss and total comprehensive loss of US$1,688,852 and US$1,680,096 for the financial year respectively. The Group also reported net cash used in operating activities for the financial year of US$172,207. As at 31 December 2019, the Group's and the Company's accumulated losses amounted to US$4,631,929 and US$6,613,668 respectively.

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

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

Nevertheless, in the preparation of the financial statements, the directors believe that the use of going concern assumption is appropriate as the Group will be able to continue to rely on certain major suppliers' extended credit terms of up to ten months and hence would have sufficient cash from the drawdown of the credit lines available, cash generated from operations and other potential fund raising actions to fund the continuing operations and to repay its debts as and when they fall due within the next twelve months after the reporting date.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

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

(a) Going concern assumption (cont'd)

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

(b) Functional currency

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

Key sources of estimation uncertainty

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

(i) Write-down of inventories

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

A write-down for slow moving and obsolete inventories to net realisable value amounting to US$25,666 (2018: US$531,364) was charged to the Group's profit or loss during the year.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 17.

(ii) Income taxes

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

The carrying amount of tax payable and deferred tax liabilities are presented on the statements of financial position and tax recoverable is disclosed in Note 18.

NOTES TO **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

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

Key sources of estimation uncertainty (cont'd)

(iii) Impairment of non-financial assets

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

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

The carrying amounts of the Group's property, plant and equipment, right-of-use assets, intangible assets and investment property are disclosed in Notes 11, 12, 13 and 14 respectively.

(iv) Calculation of loss allowance

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

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

4 Revenue

	Group	
	2019	2018
	US$	US$
Sales of goods	**24,262,073**	17,512,504
Logistics and freight forwarding services	**25,464**	42,012
Waste management services	**410,291**	511,331
	24,697,828	18,065,847

All revenue are recognised at a point in time.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

5 Other income

	Group	
	2019	2018
	US$	US$
Gain on disposal of subsidiary [(Note 15(ii))]	**109,655**	852,289
Gain on disposal of property, plant and equipment	**1,287**	–
Government grants	**291,278**	49,767
Rental income	**18,401**	–
Resale of goods collected	**46,329**	49,154
Storage services	**21,987**	22,283
Others	**119,385**	86,841
	608,322	1,060,334

6 Finance costs

	Group	
	2019	2018
	US$	US$
Interest expense:		
- Bank overdraft	**25,065**	16,465
- Commercial property loan	**22,902**	36,268
- Lease liabilities	**9,826**	–
- Secured loan	**16,680**	11,992
- Trade facilities	**12,585**	11,711
	87,058	76,436

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

7 Loss before tax

	Group	
	2019	2018
	US$	US$
This is arrived at after charging/(crediting):		
Amortisation of intangible assets (Note 13)	**152,324**	122,329
Audit fee payable/paid to		
- auditor of the Company	**70,938**	66,705
- other auditors*	**13,567**	3,878
Bad debts written off (trade)	**45,052**	105,452
Directors' fee	**46,901**	51,654
Depreciation of right-of-use assets (Note 12)	**241,111**	–
Depreciation of investment property (Note 14)	**22,858**	–
Depreciation of property, plant and equipment (Note 11)	**70,422**	112,458
Fees for non-audit services		
- auditor of the Company	**10,992**	11,742
Foreign exchange losses, net	**159,881**	75,650
Impairment loss on advance to supplier refundable in cash (Note 18)	**–**	269,666
Impairment loss on intangible assets (Note 13)	**–**	26,854
Impairment loss on other receivables (Note 18)	**22,309**	–
Impairment loss on trade receivables (Note 18)	**–**	179,270
Personnel expenses (Note 8)	**2,361,307**	2,293,494
Property, plant and equipment written off	**–**	6,581
Rental expense	**14,134**	212,371
Reversal of impairment loss on property, plant and equipment (Note 11)	**–**	(53,846)
Write-down of inventories	**25,666**	531,364

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

8 Personnel expenses

	Group	
	2019	2018
	US$	US$
Staff costs:		
- Salaries, bonus and other benefits	**2,133,828**	2,091,402
- Defined contribution plans	**227,479**	202,092
	2,361,307	2,293,494

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9 Tax expenses

	Group	
	2019	2018
	US$	US$
Tax expense attributable to loss is made up of:		
Current income tax	**–**	2,525
Under provision of income tax in respect of previous financial year	**10,095**	12,329
	10,095	14,854

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

	Group	
	2019	2018
	US$	US$
Loss before tax	**(1,678,757)**	(3,980,461)
Tax at the domestic rates applicable to loss in the countries where the Group operates	**(294,247)**	(709,386)
Expenses not deductible for tax purposes	**36,710**	189,035
Income not subject to tax	**(112,652)**	(101,384)
Under provision of income tax in prior years	**10,095**	12,329
Deferred tax assets not recognised for the year	**391,236**	622,814
Utilisation of previously unrecognised temporary differences	**(29,902)**	–
Others	**8,855**	1,446
	10,095	14,854

The income tax rate applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2018: 17%) and tax-free to 40% (2018: tax-free to 40%) respectively for the financial year ended 31 December 2019.

At the end of the reporting period, the Group has unutilised tax losses of US$5,441,000 (2018: US$4,197,000) that are available for carry forward to offset against future taxable income of the Companies in which the tax losses arose, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Companies operate. Included in unutilised tax losses, there are US$358,000 (2018: US$208,000) and US$570,000 (2018: US$470,000) that are available for carry forward up to five and seven years from the year of loss against future taxable profit of the PRC and Malaysia subsidiaries respectively.

NOTES TO **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

9 Tax expenses (cont'd)

The potential deferred tax assets on the following deductible temporary differences have not been recognised in the financial statements at the end of the reporting period:

	Group	
	2019	2018
	US$	US$
Unutilised tax losses	**5,441,000**	4,197,000
Accelerated tax depreciation	**1,122,000**	949,000
	6,563,000	5,146,000

The potential deferred tax assets have not been recognised in the financial statements as it is not probable that the future profit in these companies will be available and sufficient to allow the related tax benefits to be realised in the foreseeable future.

10 Earnings per share

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

	Group	
	2019	2018
	US$	US$
Loss for the year attributable to equity holders of the Company (US$)	**(1,614,986)**	(3,707,891)
Weighted average number of ordinary shares	**210,607,616**	204,506,849
Loss per shares (cents per share)		
- Basic and diluted	**(0.8)**	(1.8)

Diluted earnings per share is same as basic earnings per share as there were no potential dilutive ordinary shares for the financial years ended 31 December 2019 and 31 December 2018.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

11 Property, plant and equipment

	Freehold property US$	Vehicles US$	Renovation US$	Furniture and fittings US$	Office equipment US$	Total US$
Group						
2019						
Cost						
At 1.1.2019	1,523,832	165,580	189,354	24,915	132,445	2,036,126
Additions	–	–	–	–	565	565
Disposal	–	–	–	(7,127)	–	(7,127)
Reclassification to investment property (Note 14)	(1,523,832)	–	(97,139)	–	–	(1,620,971)
Translation	–	984	110	(24)	298	1,368
At 31.12.2019	**–**	**166,564**	**92,325**	**17,764**	**133,308**	**409,961**
Accumulated depreciation and impairment losses						
At 1.1.2019	276,492	119,087	113,911	13,887	124,993	648,370
Depreciation charge	7,619	12,810	39,159	3,449	7,385	70,422
Disposal	–	–	–	(2,475)	–	(2,475)
Reclassification to investment property (Note 14)	(284,111)	–	(97,139)	–	–	(381,250)
Translation	–	544	110	(7)	303	950
At 31.12.2019	**–**	**132,441**	**56,041**	**14,854**	**132,681**	**336,017**
Net carrying value						
At 31.12.2019	**–**	**34,123**	**36,284**	**2,910**	**627**	**73,944**

NOTES TO **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

11 Property, plant and equipment (cont'd)

	Freehold property US$	Vehicles US$	Renovation US$	Furniture and fittings US$	Office equipment US$	Total US$
2018						
Cost						
At 1.1.2018	1,523,832	167,001	105,411	23,147	115,653	1,935,044
Additions	–	–	92,416	2,029	17,260	111,705
Written off	–	–	(8,313)	–	–	(8,313)
Translation	–	(1,421)	(160)	(261)	(468)	(2,310)
At 31.12.2018	1,523,832	165,580	189,354	24,915	132,445	2,036,126
Accumulated depreciation and impairment losses						
At 1.1.2018	299,862	85,856	102,147	10,125	94,692	592,682
Depreciation charge	30,476	33,786	13,626	3,823	30,747	112,458
Written off	–	–	(1,732)	–	–	(1,732)
Reversal of impairment loss	(53,846)	–	–	–	–	(53,846)
Translation	–	(555)	(130)	(61)	(446)	(1,192)
At 31.12.2018	276,492	119,087	113,911	13,887	124,993	648,370
Net carrying value						
At 31.12.2018	1,247,340	46,493	75,443	11,028	7,452	1,387,756

In previous financial year ended 31 December 2018, the Group's freehold property with a carrying amount of US$1,247,340 was mortgaged to secure the Group's commercial property loan (Note 19).

In 2018, a subsidiary carried out a review of the recoverable amount of its freehold property because of indicators of impairment in accordance with accounting policy in Note 2(g). The estimated recoverable amount, which is the higher of fair value less costs to sell and value in use of the freehold property was US$1,247,340 as at 31 December 2018. The estimated recoverable amount was based on market value which is determined by the directors based on the direct comparison with recent transactions of comparable properties within the vicinity after considering differences in tenure, size, age and condition of the properties.

The fair value measurement is categorised in Level 3 of the fair value hierarchy as at 31 December 2018.

12 Right-of-use assets

	Offices and Warehouse units US$
Group	
2019	
Cost	
At 1 January	–
Recognition of right-of-use assets on initial application of SFRS(I) 16	503,756
Translation	1,514
At 31 December	505,270
Accumulated depreciation	
At 1 January	–
Depreciation charge	241,111
Translation	826
At 31 December	241,937
Net carrying value	
At 31 December	263,333

The Group as a lessee

The Group's leases various offices and warehouse units from non-related parties. The leases have an average tenure of between 2 to 3 years. In addition, the Group leases certain office equipment with contractual terms of 5 months to 15 months. These leases are short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 27(b). Information about leases for which the Group is a lessee is presented below:

Amounts recognised in profit or loss

	US$
Lease expense not included in the measurement of lease liabilities	
Lease expense - short term leases (Note 7)	14,134
Interest expense on lease liabilities	9,826

During the financial year, total cash flow for leases amounted to US$213,310.

The Group as lessor

The Group leased out its investment property to a third party for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment property is disclosed in Note 14.

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

13 Intangible assets

	Group	
	2019	2018
	US$	US$
Computer software development costs		
Cost		
At 1 January	**463,693**	249,836
Additions	**56,588**	214,290
Translation	**(129)**	(433)
At 31 December	**520,152**	463,693
Accumulated amortisation and impairment		
At 1 January	**185,528**	36,404
Amortisation charge	**152,324**	122,329
Impairment loss	**–**	26,854
Translation	**(46)**	(59)
At 31 December	**337,806**	185,528
Net carrying value		
At 31 December	**182,346**	278,165

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

14 Investment property

	Freehold property US$	Renovation US$	Total US$
Group			
2019			
Cost			
At 1.1.2018 and 1.1.2019	–	–	–
Reclassified from property, plant and equipment (Note 11)	1,523,832	97,139	1,620,971
At 31.12.2019	**1,523,832**	**97,139**	**1,620,971**
Accumulated depreciation and impairment loss			
At 1.1.2018 and 1.1.2019	–	–	–
Reclassified from property, plant and equipment (Note 11)	284,111	97,139	381,250
Depreciation charge	22,858	–	22,858
At 31.12.2019	**306,969**	**97,139**	**404,108**
Net carrying amount			
At 31.12.2019	**1,216,863**	**–**	**1,216,863**

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14 Investment property (cont'd)

During the financial year, the Group's freehold property was reclassified from property, plant and equipment to investment property as the Group commenced to rent out its freehold property.

The investment property is mortgaged to secure the Group's commercial property loan (Note 19).

Based on the estimation of the investment property's highest-and-best-use fair value by the directors, the estimated fair values of the investment property at the end of the reporting period totalled US$1,289,000. The fair value is determined based on the direct comparison with recent transactions of comparable properties within the vicinity after considering differences in tenure, size, age and condition of the properties. The fair value measurement is categorised in Level 3 of the fair value hierarchy.

The following amount are recognised in profit or loss:

	Group	
	2019	2018
	US$	US$
Rental income	**18,401**	–
Direct operating expenses arising on the investment property, including depreciation charge for the year	**32,000**	–

15 Investment in subsidiaries

	Company	
	2019	2018
	US$	US$
Unquoted shares, at cost		
At 1 January	**2,567,069**	2,567,068
Investment in new subsidiaries	**–**	2
Disposal of a subsidiary	**(37)**	(1)
	2,567,032	2,567,069
Less: Allowance for impairment in value	**(222,261)**	(222,261)
	2,344,771	2,344,808

Movement in allowance for impairment in value are as follows:

At 1 January	**222,261**	–
Allowance made	**–**	222,261
At 31 December	**222,261**	222,261

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15 Investment in subsidiaries (cont'd)

(i) Details of the subsidiaries are:

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest 2019 %	Proportion of ownership interest 2018 %
Held by the Company				
LYJ International Pte. Ltd.[1]	Singapore	Procuring and holding of inventory before shipment to destination countries	**100**	100
Y Ventures Inc[3]	United States of America	Retail channel for US online marketplaces for books	**100**	100
JustNile Pte. Ltd. [1] (formerly known as JustNile (India) Pte. Ltd.)	Singapore	General import and export of products	**100**	100
JustNile Holdings[3]	Cayman Islands	Investment holding	**60**	60
Jaykin Distribution (India) Private Limited[3]	India	Dormant	**51**	51
Faire Holdings Pte. Ltd.[4]	Singapore	Online retail sales of leather accessories	**–**	51
JustNile UK Pte Ltd[2]	United Kingdom	Dormant	**100**	100
JustNile Malaysia Sdn. Bhd.[2]	Malaysia	Dormant	**100**	100
Evermint Pte Ltd[1]	Singapore	Dormant	**100**	100
Subsidiaries held by LYJ International Pte. Ltd.				
JustNile (SEA) Pte. Ltd.[1]	Singapore	Procuring of book products	**100**	100
Skap Logistics Pte. Ltd.[1]	Singapore	Order fulfilment, logistics and freight forwarding	**100**	100
Avalon Worldwide Group Ltd.[3]	British Virgin Islands	Dormant	**100**	100

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15 Investment in subsidiaries (cont'd)

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

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest	
			2019	2018
			%	%
Subsidiaries held by JustNile Holdings				
JustNile Inc[3]	United States of America	Retail channel for USA online marketplaces for non-book products	**60**	60
JustNile Distribution Ltd.[3]	British Virgin Islands	Trading entity for merchandises sold through JustNile Inc	**60**	60
JustNile International Corp.[2]	Taiwan	Procuring home and décor merchandises from Taiwan and the People's Republic of China and holding the inventories in Taiwan	**60**	60
Subsidiary held by Skap Logistics Pte. Ltd.				
Skap Waste Management Pte. Ltd.[1]	Singapore	Waste management services	**100**	100
Subsidiary held by Evermint Pte Ltd				
Shenzhen Evermint Technology Company Limited[2]	PRC	Development and sales of electronic products	**100**	100

(1) Audited by Baker Tilly TFW LLP.
(2) Audited by independent overseas member firms of Baker Tilly International.
(3) Not required to be audited for the financial year ended 31 December 2019 by law of incorporation, and audited by Baker Tilly TFW LLP for the purpose of preparation of the consolidated financial statements.
(4) Disposed on 30 September 2019.

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

15 Investment in subsidiaries (cont'd)

(ii) On 30 September 2019, the Company disposed its entire 51% equity interest in Faire Holdings Pte. Ltd. for a cash consideration of US$3,617 to an existing shareholder.

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

	Group US$
Trade and other receivables	15,490
Cash and bank balances	36,204
Inventories	59,843
Trade and other payables	(319,455)
Net liabilities of disposed group	(207,918)
Gain on disposal of subsidiary	109,655
Non-controlling interest	101,880
Total cash consideration	3,617
Less: Cash and cash equivalents in subsidiary disposed off	(36,204)
Net cash outflows on disposal of subsidiary	(32,587)

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

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

In previous financial year ended 31 December 2018, an impairment loss of US$222,261 was recognised in the Company's profit or loss to write down the full costs of investment in a subsidiary. The estimate of the recoverable amount was determined by management based on net assets value of the subsidiary, which approximated the recoverable amount of the investment in the subsidiary as management did not have and still do not have any future plans for the operations of this subsidiary.

16 Financial assets at fair value through other comprehensive income

	Group	
	2019 **US$**	2018 US$
Equity investments designated at FVOCI		
Unquoted equity shares		
At 1 January	–	–
Addition	–	29,001
Fair value loss	–	(29,001)
At 31 December	–	–

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16 Financial assets at fair value through other comprehensive income (cont'd)

In 2018, the unquoted equity shares represent interest in a company in Singapore, which is engaged in retail channel and e-commerce buying platform company. This investment in equity shares is not held for trading.

The fair value of unquoted equity shares was based on estimate of value made by the directors on 31 December 2019 and 31 December 2018.

17 Inventories

	Group	
	2019	2018
	US$	US$
Finished goods	**22,007,020**	9,312,820

Inventories recognised as an expense in cost of sales for the financial year ended 31 December 2019 amounted to US$14,269,637 (2018: US$11,688,105).

18 Trade and other receivables

	Group		Company	
	2019	2018	**2019**	2018
	US$	US$	**US$**	US$
Trade receivables				
- third parties	**169,481**	832,653	**–**	–
- subsidiary	**–**	–	**530,300**	–
Less: Allowance for impairment	**–**	(179,270)	**–**	–
	169,481	653,383	**530,300**	–
Advance to suppliers	**569,468**	205,436	**–**	–
Deposits	**75,907**	79,959	**33,491**	33,491
Due from a non-controlling shareholder of the subsidiaries	**50,000**	98,719	**–**	–
Due from subsidiaries	**–**	–	**3,368,138**	4,745,314
Advance to supplier refundable in cash	**–**	294,653	**–**	–
GST receivables	**47,947**	22,246	**–**	3,426
Other receivables	**288,063**	10,614	**22,484**	–
Prepayments	**25,377**	99,001	**8,857**	10,561
Tax recoverable	**26**	3,440	**–**	–
	1,056,788	814,068	**3,432,970**	4,792,792
Less: Allowance for impairment	**(22,309)**	(269,666)	**(2,110,339)**	(4,595,314)
	1,034,479	544,402	**1,322,631**	197,478
	1,203,960	1,197,785	**1,852,931**	197,478

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

18 Trade and other receivables (cont'd)

Movement in allowance for impairment of trade receivables is as follows:

	Group	
	2019	2018
	US$	US$
At 1 January	**179,270**	–
Allowance made during the year (Note 7)	**–**	179,270
Allowance written off during the year	**(179,270)**	–
At 31 December	**–**	179,270

Movement in allowance for impairment of other receivables is as follows:

	Group		Company	
	2019	2018	**2019**	2018
	US$	US$	**US$**	US$
At 1 January	**269,666**	–	**4,595,314**	–
Allowance made (Note 7)	**22,309**	269,666	**20,000**	4,595,314
Allowance written off	**(269,666)**	–	**–**	–
Allowance written back	**–**	–	**(205,083)**	–
Waiver of debts to wholly-owned subsidiaries	**–**	–	**(2,299,892)**	–
At 31 December	**22,309**	269,666	**2,110,339**	4,595,314

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

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand except for US$4,190,000 (2018: US$3,100,000) with interest of 12% (2018: 12%) per annum.

NOTES TO **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

19 Borrowings

	Group	
	2019	2018
	US$	US$
Non-current		
Commercial property loan, secured	**878,078**	915,888
Lease liabilities	**108,574**	–
	986,652	915,888
Current		
Commercial property loan, secured	**37,810**	32,396
Bank overdraft, secured	**116,988**	651,528
Trade facilities, secured	**–**	876,120
Secured loan, secured	**1,000,000**	387,323
Lease liabilities	**210,929**	–
	1,365,727	1,947,367
	2,352,379	2,863,255

Commercial property loan is repayable over 300 monthly instalments from March 2014 and bears a fixed rate of 2.48% (2018: 2.48%) per annum.

Bank overdraft is repayable on demand and bears a floating rate of 0.75% (2018: 0.75%) per annum over the Singapore's bank prime lending rate.

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

(i) A first legal mortgage over the Group's freehold property (Note 14);
(ii) Joint and several guarantees from certain directors of the Company; and
(iii) Corporate guarantee for S$3,600,000 (2018: S$3,600,000) executed by the Company.

In 2018, trade facilities bore a floating interest rate of 2% per annum over the Singapore's bank prime lending rate and were secured by the joint and several guarantees from certain directors of the Company. The trade facilities were fully repaid during the year.

Secured loan bears fixed interest rate of 7.99% to 10.22% (2018: 10.22%) per annum and is secured by inventories of a subsidiary with carrying value of US$22,004,822 (2018: US$8,761,168) at 31 December 2019.

Based on the discounted cash flow analysis using a discount rate based upon market lending rate for similar borrowings which the directors expect would be available to the Group at the end of the reporting date, the fair value of the fixed rate non-current borrowings at the end of the reporting date approximate their carrying values as there are no significant changes in the market lending interest rates available to the Group at the end of the reporting date. The fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

NOTES TO **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

19 Borrowings (cont'd)

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

	Commercial property loan US$	Trade facilities US$	Secured loan US$	Lease liabilities US$	Total US$
Group					
Balance at 1 January 2018	979,436	–	–	–	979,436
Changes from financing cash flows:					
- Proceeds	–	886,911	510,000	–	1,396,911
- Repayments	(31,150)	–	(122,677)	–	(153,827)
- Interest paid	(36,268)	(11,711)	(11,992)	–	(59,971)
Non-cash changes:					
- Interest expense	36,268	11,711	11,992	–	59,971
Effect of changes in foreign exchange rates	(2)	(10,791)	–	–	(10,793)
Balance at 31 December 2018	948,284	876,120	387,323	–	2,211,727
Adoption of SFRS(I) 16	–	–	–	503,756	503,756
Changes from financing cash flows:					
- Proceeds	–	–	1,000,000	–	1,000,000
- Repayments	(36,215)	(876,120)	(387,323)	(189,250)	(1,488,908)
- Interest paid	(22,902)	(12,585)	(16,680)	(9,826)	(61,993)
Non-cash changes:					
- Interest expense	22,902	12,585	16,680	9,826	61,993
Effect of changes in foreign exchange rates	3,819	–	–	4,997	8,816
Balance at 31 December 2019	**915,888**	**–**	**1,000,000**	**319,503**	**2,235,391**

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

20 Trade and other payables

	Group		Company	
	2019	2018	**2019**	2018
	US$	US$	**US$**	US$
Trade payables (third parties)	**19,795,642**	6,572,117	**–**	7,438
Accrued expenses	**406,863**	160,775	**295,300**	100,237
Other payables	**145,621**	84,358	**122,296**	20,526
Sales tax payables	**24,139**	7,000	**24,139**	–
Amount due to a director	**229**	53,463	**–**	–
Due to subsidiaries	**–**	–	**152,366**	1,087
	20,372,494	6,877,713	**594,101**	129,288

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

21 Contract liabilities

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

22 Share capital

	Group and Company			
	2019		**2018**	
	No. of shares	**US$**	**No. of shares**	**US$**
At 1 January	**205,000,000**	**8,856,288**	200,000,000	7,941,947
Issue of ordinary shares	**24,660,000**	**1,450,014**	5,000,000	914,341
At 31 December	**229,660,000**	**10,306,302**	205,000,000	8,856,288

On 7 October 2019, the Company issued 24,660,000 ordinary shares of $0.0812 (equivalent to US$0.059) per share for cash to provide fund for the expansion of the Group's operations.

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

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

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

23 Merger reserve

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

24 Related parties transactions

Key management personnel compensation:

	Group	
	2019	2018
	US$	US$
Directors' remuneration		
- Salaries	**373,745**	444,392
- Defined contribution plans	**25,414**	18,153
	399,159	462,545
Key management personnel's remuneration (non-directors)		
- Salaries	**184,822**	167,567
- Defined contribution plans	**24,661**	23,183
	209,483	190,750
	608,642	653,295

25 Lease commitments

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

As at 31 December 2018, commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group
	2018
	US$
Not later than one financial year	260,215
Later than one financial year but not later than five financial years	259,323
	519,538

As disclosed in Note 2(a), the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statements of financial position as at 1 January 2019, except for short term and low value assets leases.

26 Contingent liabilities

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

Financial guarantee

(a) The Company has provided a corporate guarantee of S$3,600,000 (approximately US$2,677,157 (2018: S$3,600,000) (approximately US$2,641,407) to a bank for bank borrowings of US$915,888 (2018: US$948,284) drawn down by that subsidiary at the end of the reporting period.

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

(b) The Company has provided corporate guarantees of GBP150,000 (approximately US$265,299) and US$200,000 for each purchase obligation to two major suppliers for extended credit period granted in relation to purchases of US$129,010 and US$732,016 respectively by a subsidiary at the end of the reporting period.

These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that no significant credit losses will arise from these guarantees as the subsidiary has no historical default in payments to these suppliers and no past due debts to these suppliers as at end of the reporting period.

27 Financial instruments

a) Categories of financial instruments

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

	Group		Company	
	2019	2018	**2019**	2018
	US$	US$	**US$**	US$
Financial assets				
Financial assets at amortised costs	**1,769,988**	1,999,692	**1,904,106**	235,524
Financial liabilities				
Financial liabilities at amortised cost	**22,682,370**	9,740,968	**551,599**	129,288

b) Financial risk management objectives and policies

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

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

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

27 Financial instruments (cont'd)

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

Foreign currency risk

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

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

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

	Group US$	Company US$
2019		
Financial assets		
Trade and other receivables	**6,739,527**	**–**
Cash and bank balances	**128,003**	**57,582**
	6,867,530	**57,582**
Financial liabilities		
Trade and other payables	**12,891,267**	**594,101**
Borrowings	**1,032,876**	**–**
	13,924,143	**594,101**
SGD currency exposure on net financial liabilities	**(7,056,613)**	**(536,519)**
2018		
Financial assets		
Trade and other receivables	7,622,604	98,810
Cash and bank balances	143,711	10,884
	7,766,315	109,694
Financial liabilities		
Trade and other payables	1,713,161	129,288
Borrowings	2,475,932	–
	4,189,093	129,288
SGD currency exposure on net financial assets/(liabilities)	3,577,222	(19,594)

27 Financial instruments (cont'd)

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

Foreign currency risk (cont'd)

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

	Group (Decrease)/ increase in loss after tax		Company (Decrease)/ increase in loss after tax	
	2019	2018	**2019**	2018
	US$	US$	**US$**	US$
SGD/USD				
- strengthened 10%	**585,699**	(296,909)	**44,531**	1,626
- weakened 10%	**(585,699)**	296,909	**(44,531)**	(1,626)

Interest rate risk

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

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

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

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

Credit risk

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

Maximum exposure and concentration of credit risk

At the end of the reporting period, the Group's trade receivables comprise 1 debtor (2018: 1 debtor) that represented approximately 70% (2018: 19%) of the trade receivables.

The Company has significant concentration of credit risk exposure arising on amounts due from subsidiaries (Note 18). Non-trade balances due from subsidiaries are repayable on demand. The Company has made impairment allowance for expected credit losses of US$2,088,030 (2018: US$4,595,314) based on estimation of recoverable amounts from management's review of current status of the existing receivables and the financial conditions of the subsidiaries as at the end of the reporting period.

NOTES TO **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

27 Financial instruments (cont'd)

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

Credit risk (cont'd)

Maximum exposure and concentration of credit risk (cont'd)

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

The expected credit loss for cash and cash equivalents and other receivables of the Group and the Company are immaterial as at 31 December 2019.

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

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

Significant increase in credit risk

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

27 Financial instruments (cont'd)

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

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

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

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

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

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

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

Definition of default

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

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

27 Financial instruments (cont'd)

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

Credit risk (cont'd)

Credit-impaired financial assets

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

Estimation techniques and significant assumptions

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

Trade receivables

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

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

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

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

Credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2019 is not material, and accordingly no allowance for impairment is recognised as at 31 December 2019.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

27 Financial instruments (cont'd)

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

Credit risk (cont'd)

Financial assets at amortised cost

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

2019	12-month or lifetime ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
Trade receivables	Lifetime	169,481	–	169,481
Other receivables	Lifetime	413,970	(22,309)	391,661
Cash and bank balances with financial institutions	N.A. Exposure Limited	1,208,846	–	1,208,846
2018				
Trade receivables	Lifetime	832,653	(179,270)	653,383
Other receivables	N.A. Exposure Limited	189,292	–	189,292
Advance to supplier refundable in cash	Lifetime	294,653	(269,666)	24,987
Cash and bank balances with financial institutions	N.A. Exposure Limited	1,132,030	–	1,132,030

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

27 Financial instruments (cont'd)

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

Credit risk (cont'd)

Financial assets at amortised cost (con't)

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

2019	12-month or lifetime ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
Due from a subsidiary (trade)	Lifetime	530,300	–	530,300
Due from subsidiaries (non-trade)	12-month (Exposure Limited)	1,170,108	–	1,170,108
	Lifetime	2,198,030	(2,088,030)	110,000
Other receivables	Lifetime	55,975	(22,309)	33,666
Cash and bank balances with financial institutions	N.A. Exposure Limited	60,032	–	60,032
2018				
Due from subsidiaries	Lifetime	4,745,314	(4,595,314)	150,000
Other receivables	N.A. Exposure Limited	33,491	–	33,491
Cash and bank balances with financial institutions	N.A. Exposure Limited	52,033	–	52,033

Management expects that the expected credit loss for debts past due 31 to 90 days is not significant based on historical experience of past due debts and all debts with consideration of impairment was fully impaired as at 31 December 2019.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

27 Financial instruments (cont'd)

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

Credit risk (cont'd)

Movements in credit loss allowance

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

	Trade receivables US$	Advance to supplier refundable in cash US$	Other receivables US$
Group			
Balance at 1 January 2018	–	–	–
Loss allowance measured			
Lifetime ECL			
- Credit-impaired	179,270	269,666	–
Balance at 31 December 2018	179,270	269,666	–
Loss allowance measured			
Lifetime ECL			
- Credit-impaired	–	–	22,309
Receivables written off as uncollectable	(179,270)	(269,666)	–
Balance at 31 December 2019	**–**	**–**	**22,309**

	Amount due from subsidiaries US$	Other receivables US$
Company		
Balance at 1 January 2018	–	–
Loss allowance measured:		
Lifetime ECL		
- Credit-impaired	4,595,314	–
Balance at 31 December 2018	4,595,314	–
Loss allowance (reversal)/measured:		
Lifetime ECL		
- Credit-impaired	(207,392)	22,309
Waiver of debts to wholly-owned subsidiaries	(2,299,892)	–
Balance at 31 December 2019	**2,088,030**	**22,309**

NOTES TO **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

27 Financial instruments (cont'd)

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

As mentioned in Note 3 to the financial statements, the Group and the Company are dependent on the Group's ability to maintain its bank borrowings and credit terms with its major suppliers in order to meet its obligations and to carry on its business for a period of twelve months from the reporting date.

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

	Repayable on demand or within 1 year	Within 2 to 5 years	Over 5 years	Total
	US$	US$	US$	US$
Group				
At 31 December 2019				
Trade and other payables	20,329,992	–	–	20,329,992
Borrowings	1,200,516	240,373	851,762	2,292,651
Lease liabilities	214,842	142,820	–	357,662
	21,745,350	**383,193**	**851,762**	**22,980,305**
At 31 December 2018				
Trade and other payables	6,877,713	–	–	6,877,713
Borrowings	1,974,781	239,240	907,559	3,121,580
	8,852,494	239,240	907,559	9,999,293
Company				
At 31 December 2019				
Trade and other payables	**551,599**	**–**	**–**	**551,599**
At 31 December 2018				
Trade and other payables	129,288	–	–	129,288

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

27 Financial instruments (cont'd)

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

Liquidity risk (cont'd)

	Company One year or less	
	2019	2018
	US$	US$
Financial guarantee contracts	**1,776,914**	948,284

28 Fair values of assets and liabilities

a) Fair value hierarchy

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

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

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

The fair value of the freehold property/investment property is categorised within Level 3. The basis of determining fair value for disclosure at the end of the reporting date is disclosed in Notes 11 and 14.

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

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

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29 Capital management

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

The capital structure of the Group consists of equity attributable to owners of the Company comprising share capital, currency translation reserve, accumulated losses and borrowings. The Group's overall strategy remains unchanged for the financial years ended 31 December 2018 and 2019.

30 Segment information

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

30 Segment information (cont'd)

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

	E-commerce retail and distribution		Logistics and freight forwarding services		Waste management services		Others		Eliminations		Per consolidated financial statements	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	US$	US$	**US$**	US$	**US$**	US$	**US$**	US$	**US$**	US$	**US$**	US$
Revenue:												
External customers	**24,262,073**	17,512,504	**25,464**	42,012	**410,291**	511,331	**–**	–	**–**	–	**24,697,828**	18,065,847
Intersegment sales	**–**	–	**609,862**	421,613	**147**	–	**–**	–	**(610,009)**	(421,613)	**–**	–
Total revenue	**24,262,073**	17,512,504	**635,326**	463,625	**410,438**	511,331	**–**	–	**(610,009)**	(421,613)	**24,697,828**	18,065,847
Segment (loss)/profit:	**1,549,622**	(2,418,485)	**(539,216)**	(195,799)	**381,730**	432,561	**(2,515,035)**	(1,274,463)	**–**	–	**(1,122,899)**	(3,456,186)
Depreciation	**(265,092)**	(88,365)	**(56,489)**	(4,922)	**(12,810)**	(17,439)	**–**	(1,732)	**–**	–	**(334,391)**	(112,458)
Amortisation	**(152,324)**	(122,329)	**–**	–	**–**	–	**–**	–	**–**	–	**(152,324)**	(122,329)
Impairment losses/write offs	**(70,718)**	(1,058,069)	**–**	(691)	**–**	–	**(22,309)**	(6,581)	**–**	–	**(93,027)**	(1,065,341)
Gain on disposal on a subsidiary	**–**	–	**–**	–	**–**	–	**109,655**	852,289	**–**	–	**109,655**	852,289
Gain on disposal on property, plant and equipment	**1,287**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1,287**	–
Finance costs	**(87,058)**	(76,436)	**–**	–	**–**	–	**–**	–	**–**	–	**(87,058)**	(76,436)
Loss before tax											**(1,678,757)**	(3,980,461)
Income tax expense											**(10,095)**	(14,854)
Loss for the year											**(1,688,852)**	(3,995,315)
Segment assets	**25,834,751**	12,936,896	**113,708**	103,168	**105,272**	165,541	**102,555**	99,511	**–**	–	**26,156,286**	13,305,116
Unallocated assets											**26**	3,440
Total assets											**26,156,312**	13,308,556
Liabilities												
Segment liabilities	**22,019,941**	9,522,901	**257,717**	92,796	**8,801**	8,338	**441,735**	128,201	**–**	–	**22,728,194**	9,752,236
Unallocated liabilities											**221,060**	221,060
Total liabilities											**22,949,254**	9,973,296

NOTES TO **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

30 Segment information (cont'd)

Inter-segment revenue are eliminated on consolidation.

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

Others segment included unallocated expenses from investment holding company.

Segment results

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

Segment assets

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

Segment liabilities

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

Geographical information

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

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

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

Information about major customers

The Group did not have any single customer contributing 10% or more to its revenue for the year ended 31 December 2019 and 31 December 2018.

31. Authorisation of financial statements

The consolidated financial statements of 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 were authorised for issue in accordance with a resolution of the directors dated 31 March 2020.

SHAREHOLDINGS STATISTICS

As at 16 March 2020

Issued and Fully Paid-Up Capital	-	S$14,400,492
Number of Shares	-	229,660,000
Treasury Shares	-	Nil
Subsidiary Holdings Held	-	Nil
Class of Shares	-	Ordinary Shares
Voting Rights	-	1 vote for each ordinary share

% of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares in issue (excluding treasury shares and subsidiary holdings) – 0%

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	1	0.14	75	0.00
100 - 1,000	27	3.75	16,225	0.01
1,001 - 10,000	151	20.94	1,026,200	0.45
10,001 - 1,000,000	530	73.51	55,444,400	24.14
1,000,001 AND ABOVE	12	1.66	173,173,100	75.40
TOTAL	**721**	**100.00**	**229,660,000**	**100.00**

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 16 March 2020, the percentage of shareholdings held in the hands of the public was approximately 36.81% and Rule 723 of the Listing Manual Section B: Rule of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

TOP 20 SHAREHOLDERS LIST

S/No	Name of Shareholder	Number of Shares	%*
1	LOW YIK JIN	71,115,000	30.96
2	DBS NOMINEES (PRIVATE) LIMITED	41,131,200	17.91
3	AMBER BLAZE LIMITED	20,500,000	8.93
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	17,872,500	7.78
5	CHIEN CHUNG MING	4,678,600	2.04
6	RAFFLES NOMINEES (PTE.) LIMITED	3,838,500	1.67
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,556,100	1.55
8	PHILLIP SECURITIES PTE LTD	3,535,500	1.54
9	OCBC SECURITIES PRIVATE LIMITED	2,675,700	1.17
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,040,000	0.89
11	NG HWEE CHOON	1,220,000	0.53
12	ANDREW ONG PENG SENG	1,010,000	0.44
13	THONG MING CHANG	1,000,000	0.44
14	TONG WEI MIN RAYMOND	1,000,000	0.44
15	IFAST FINANCIAL PTE. LTD.	838,000	0.36
16	LIM & TAN SECURITIES PTE LTD	818,900	0.36
17	SIM JOO GEK DOLLY (SHEN RUYU)	800,000	0.35
18	YEO CHEW LIN	800,000	0.35
19	KHAW MAY MAY	600,000	0.26
20	CHUA TECK HUAT	590,000	0.26
	TOTAL	**179,620,000**	**78.24**

* The percentage of shareholdings is calculated based on the number of issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company as at 16 March 2020.

SHAREHOLDINGS STATISTICS

As at 16 March 2020

Name of Substantial Shareholder	Direct Interest Number of Shares	Direct Interest Percentage (%)[1]	Deemed Interest Number of Shares	Deemed Interest Percentage (%)[1]
Low Yik Sen[2]	-	-	53,365,000	23.24
Low Yik Jin[3]	71,115,000	30.96	2,750,000	1.2
Amber Blaze Limited	20,500,000	8.93	-	-
Lew Chern Yong[4]	-	-	20,500,000	8.93

Notes:

(1) The percentage of shareholdings is calculated based on 229,660,000 ordinary shares (excluding treasury shares and subsidiary holdings) of the Company as at 16 March 2020.

(2) Mr Low Yik Sen is deemed to be interested in 53,365,000 shares held under custodian nominee account(s).

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

(4) Mr Lew Chern Yong is the sole shareholder of Amber Blaze Limited, a company incorporated in the British Virgin Islands, and is deemed to be interested in 20,500,000 shares which Amber Blaze Limited has interest in by virtue of Section 4 of the Securities Futures Act (Chapter 289) of Singapore.

PROPOSED RESOLUTIONS

For the Annual General Meeting of Y Ventures Group Ltd.

*The Shareholders of Y Ventures Group Ltd. (the "**Company**") are informed to consider the following proposed resolution to be voted/passed at the Company's Annual General Meeting ("**AGM**") for the financial year ended 31 December 2019.*

The Company's Annual Report is not accompanied by the Notice of AGM and Proxy Form which will be sent to Shareholders at a later date separately.

AS ORDINARY BUSINESS

Ordinary Resolution 1

To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019 together with the Independent Auditors' Report thereon.

Ordinary Resolution 2

To re-elect Mr Low Yik Sen as a Director of the Company retiring pursuant to Regulation 117 of the Company's Constitution.

[See Explanatory Note (i)]

Ordinary Resolution 3

To re-elect Mr Ng Tiong Gee as a Director of the Company retiring pursuant to Regulation 117 of the Company's Constitution.

[See Explanatory Note (ii)]

Ordinary Resolution 4

To re-elect Mr Goh Cher Shua as a Director of the Company retiring pursuant to Regulation 122 of the Company's Constitution.

[See Explanatory Note (iii)]

Ordinary Resolution 5

To re-elect Mr Tan Jia Kien as a Director of the Company retiring pursuant to Regulation 122 of the Company's Constitution.

[See Explanatory Note (iv)]

Ordinary Resolution 6

To approve the payment of Directors' fees of S$69,000 (FY2018: S$87,000) for the financial year ended 31 December 2019.

Ordinary Resolution 7

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

PROPOSED RESOLUTIONS

For the Annual General Meeting of Y Ventures Group Ltd.

AS SPECIAL BUSINESS

<u>Ordinary Resolution 8</u>

Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act (Chapter 50) of the Republic of Singapore (the "**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Directors be and are hereby authorised to:

(a) (i) allot and issue new ordinary shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require new ordinary shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into new ordinary shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding this authorisation conferred may have ceased to be in force) issue new ordinary shares in pursuance of any Instruments made or granted by the Directors while this authorisation was in force,

provided that:

(1) the aggregate number of new ordinary shares to be issued pursuant to such authority (including new ordinary shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation shall not exceed 100.0% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of new ordinary shares to be issued (including new ordinary shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing Shareholders shall not exceed 50.0% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of new ordinary shares (including new ordinary shares to be issued pursuant to the Instruments) that may be issued under subparagraph (1) above, the percentage of new ordinary shares that may be issued shall be based on the issued share capital of the Company (excluding treasury shares and subsidiary holdings) at the time of passing of this authority, after adjusting for:

(a) new ordinary shares arising from the conversion or exercise of the Instruments or any convertible securities which were issued and outstanding or subsisting at the time of the passing of this authority;

(b) new ordinary shares arising from exercising share options or vesting of share awards which were issued and outstanding or subsisting at the time of the passing of this authority, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of ordinary shares;

PROPOSED RESOLUTIONS

For the Annual General Meeting of Y Ventures Group Ltd.

(3) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting by ordinary resolution, such authority shall continue in force until 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 earlier.

[See Explanatory Note (v)]

Explanatory Notes:

(i) Mr Low Yik Sen will, upon re-election as a Director of the Company, remain as Managing Director of the Company. Detailed information required on Mr Low Yik Sen pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report 2019.

(ii) Mr Ng Tiong Gee will, upon re-election as a Director of the Company, remain as member of the Audit, Remuneration and Nominating Committees. He is considered independent by the Board of Directors for the purpose of Rule 704(7) of the Catalist Rules. Detailed information required on Mr Ng Tiong Gee pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report 2019.

(iii) Mr Goh Cher Shua will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and member of Remuneration and Nominating Committees. He is considered independent by the Board of Directors for the purpose of Rule 704(7) of the Catalist Rules. Detailed information required on Mr Goh Cher Shua pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report 2019.

(iv) Mr Tan Jia Kien will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and member of Audit and Remuneration Committees. He is considered independent by the Board of Directors for the purpose of Rule 704(7) of the Catalist Rules. Detailed information required on Mr Tan Jia Kien pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report 2019.

(v) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue new ordinary shares, make or grant Instruments convertible into new ordinary shares and to issue new ordinary shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued ordinary shares, (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a pro rata basis to shareholders of the Company.